

Compliance Update

Full Application of Penalties for Failure to File Annual Returns by Companies

By 1st January 2024, the Corporate Affairs Commission (the “Commission”) will commence the enforcement of penalties for non-compliance with the filing of annual returns. In its Public Notice of November 2nd 2023, the Commission stated that as from that date, the penalties prescribed by the Companies Regulations against a company and each of its directors and officers shall be applied fully by the Commission for failure to file annual returns.



Section 417 of the Companies and Allied Matters Act, 2020 (“CAMA”) mandates every company to file annual returns in the prescribed form to the Commission, while section 425(1) of CAMA provides that a company which fails to comply with section 417 is liable, together with its directors or officers, to a penalty as may be prescribed by the Commission. Who is an officer of the company in the light of this provision? An officer of the company for the purpose of section 425(1) of CAMA includes any person on whose instructions the directors act.

The Commission also released another Public Notice on 5th December 2023 which followed its notice of August 2 2023 on the commencement of striking off the names of companies from the Register of Companies. In the notice of 5th December 2023, the Commission notified the public that the updated list of non-compliant companies has been published on its website and reiterated its resolve to strike of the names of such companies from the Register of Companies. Section 425(3) of the CAMA provides that failure to file annual returns for a consecutive period of 10 years is a ground for striking off the name of the company from the Register of Companies. The Commission advised that any company that filed complete annual returns but still has its name on the list should send a mail with evidence of filing to the Commission not later than 30 days from 5th December 2023.



It is important to note that it is unlawful for any company whose name has been struck of the Register of Companies to continue to do business without first



obtaining an order of court reinstating its name in the Register of Companies.

No part of this article should be relied upon as legal advice. It is only intended as a general guide on the subject and as such, you are required to consult a lawyer where legal advice is desired.

Lexsetters LLP is a commercial law firm and has the competence and experience to advise on a wide range of legal issues including business formations in Nigeria, acquisition of business permits and operating licences, start-ups, and assisting with post-incorporation compliance obligations.

For further enquiries, please contact any of the persons below.

Key Contacts

[Kelechi Attamah](#)

Partner

kelechi@lexsetters.com

Yetunde Adeoye

Associate

yadeoye@lexsetters.com

