

# TIMELY FILING OF ANNUAL RETURNS AT THE CORPORATE AFFAIRS COMMISSION, APPLICABLE PENALTIES FOR LATE FILING AND CONSEQUENCES FOR NON-COMPLIANCE

On November 2, 2023, the CAC issued a Public Notice, notifying all registered entities operating in Nigeria, of the importance of filing Annual Returns (AR) for the year ended 2023, timeously, as well as all outstanding ARs for previous years, on or before March 31, 2024 (“the Deadline”).

The implication of this Notice is that, by April 1, 2024, the CAC will commence full enforcement of the penalties imposable on both Companies and their directors/officers, in accordance with the provisions of Section 425 (1) of CAMA 2020 and the Companies Regulations, 2021, tabulated below:

S/N	Entity	Daily Default Penalty ₦
a.	Small company	250
b.	Company Private, other than small	500
c.	Company limited, by guarantee	500
d.	Public Company	1,000
e.	Limited Liability Partnership (LLP)	500
f.	Limited Partnership (LP)	500
g.	Business Names	150
h.	Incorporated Trustee	500

From the above, if Company A (a small Company) has outstanding ARs to be filed and/or fails to file its AR for the year ended 2023 by the deadline, Company A becomes liable to a default fee or penalty, in the sum of **N250.00 (Two Hundred and Fifty Naira)** for each day of the subsistence of the default, payable by each of its directors (secretary inclusive), and the Company, respectively.

However, where outstanding ARs for previous financial years are filed by or before the Deadline, the extant late-filing fee, in the sum of N5,000 (Five Thousand Naira) only, will remain applicable, for each financial year.

Where a Company fails to file its AR by the deadline, the status of the Company will be reflected as “inactive” on the CAC portal, with the significant

adverse effect, being that some business entities may not be inclined to contract with an “inactive” Company. Also, where non-compliance continues for a consecutive period of 10 (ten) years, the Company is liable to be struck off the Companies' Register with the CAC. This means that such a Company will no longer be able to carry-on business.

It is important to note that the process of restoration, in the event of a striking-off, is expensive, cumbersome and tedious, and will still involve the filing of all outstanding ARs, including the payment of accrued penalties, up to the date of compliance.

On another note, struck-off or liquidated Companies are not exempted from the penalties for the years they have defaulted. The CAC reserves the right to proceed against the directors and officers of struck-off and wound-up Companies, to recover

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