**CAC ANNUAL RETURNS FILING**

**What are Annual Returns?**

An Annual return is a mandatory requirement that every business name, company or incorporated trustee in Nigeria must fulfil at least once every year to the Corporate Affairs Commission (CAC) in other to keep the commission abreast that, the organisation is still active and in existence.

It is not the profit your company made in a year, it is not a financial document, but rather a yearly statement by an active registered business name or company which is meant to keep Corporate Affairs updated about the company’s activities, composition, and its financial position.

Chapter 16 of the Companies and Allied Matters Act (CAMA 2020), covers everything pertaining to filing returns.

Section 418 of CAMA 2020 states: t*he annual return by a company having shares other than a small company shall contain with respect to the registered office of the company, registers of members and debenture holders, shares and debentures, indebtedness, past and present members, directors and secretary, the matters specified in Part I of the Seventh Schedule to this Act, and the return shall be in the form set out in Part II of that Schedule or as near to it as circumstances admit.*

Simply put, it is an application to show the regulatory commission that the company is still active in business.

Failure to perform this over a period of years may lead to the delisting or removal of your company in the database of the Commission .

How to check the status of your organisation with CAC

* Go to <https://search.cac.gov.ng/home,>
* Input the name of the company
* Use the RC Number of the company or the BN number of the business and click search
* Then press enter to see the status of the organisation which will eithe be showing Active or Inactive.

Some companies, most especially sole proprietorship, believe that, they might be heavily taxed if they continue to file annual returns with the CAC. This is not true as CAC annual returns do not have anything to do with taxation.

**WHEN TO FILE ANNUAL RETURNS**

Limited Liability Company (LTD), Business Name and every registered business in Nigeria are expected to file their annual returns with the Corporate Affairs Commission (CAC) not later than 30th June of every year.

The only exception to this is when the calendar year in which the business name is registered does not end by December.

Usually, a newly incorporated company is given the grace of the first 18 months while Business Name is given 12 months before filing a return.

What this means is that, a company that was incorporated in January 2022 will have to start filing beginning from July 2023.

Although, the older companies are expected to file their return not more than 42 days after its Annual General Meeting.

**Key Requirements for Filing of Company Annual Returns**

* A duly completed annual return form signed by the proprietors or by a director and secretary of the company.
* Payment of fees
* A photocopy of the Memorandum of Association
* Before the commission went digital, applicants would have to download CAC Form 10 or obtain it at any of their branch offices, but the online issue resolution has invalidated this method, as such you may not need to go for an assessment at CAC office any longer.

**TYPE OF BUSINESS THAT NEEDS TO FILE ANNUAL RETURNS**

If you belong to any of the following classes of corporate organizations, you must make an Annual returns to CAC annually;

Private company limited by shares, private unlimited company, public company limited by shares, public unlimited company, company limited by guarantee, Registered enterprises, Registered ventures, Registered partnerships, Joint Ventures, Non-Governmental Organisations, Charitable Organizations, social movements, and Trade\professional Associations

**IMPORTANCE OF FILING ANNUAL RETURNS**

1) Filing of annual returns doesn’t only save you the yearly penalties by CAC, it also shows that you are law-abiding and your business is in compliance with the company’s regulatory law.

2) It will also give you an edge when accessing government loans or grants. The government would consider an active business first when to give loans and grants to.

3) Annual returns is completely different from tax payment.

4) It helps to keep the company or entity’s name on the register at CAC.

5) It saves time, especially in case of an urgent need to obtain a document or process any other application at the CAC.

6) Regular payment of the Annual Returns is usually a yardstick for most contract bids in public or private establishments.

**THE CONSEQUENCES FOR NON- COMPLIANCES**

1. Your company may be delisted or removed from CAC database, if you failed to do so for several years.
2. You will pay a fine if you want to reactivate your company name, which would be more than the actual annual return filing fee.
3. You will find it difficult to apply for a government contract or government credit facility.
4. No activity will be permitted on the record of any entity that fails to comply with annual returns. For E.g. an application to obtain certified copies of documents or processing a change of directors will not be processed till annual returns are filed.

In conclusion, Annual returns is a significant document for all stakeholders of the company as it provides in a nutshell, very comprehensive information about various aspects of the company. Filing annual returns is therefore mandatory as failure to do so may attract various consequences.

For further information on how to process your annual returns with CAC or other related activities with the Commission, kindly get in touch with us at:

Email: care@sowprofessional.com,

Call: 07038254989

Whatsapp: 08152451523