

Filing Annual Returns in CAC to Avoid Striking off the Commission's Record

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Description

Filing annual returns with the Corporate Affairs Commission (CAC) is a critical obligation for every registered company in Nigeria.

The process ensures that companies maintain their legal status, remain compliant, and avoid potential penalties or even being struck off the Commission's record.

In this article, we will explore the essential steps, requirements, and costs involved in filing annual returns with the CAC.

Step 1: Understanding the Importance of Annual Returns Filing

Annual returns are a way for companies to provide the CAC with up-to-date information about their business activities, financial status, and governance structure.

By filing annual returns, companies demonstrate transparency, accountability, and adherence to legal requirements, which are crucial for maintaining credibility with stakeholders and the public.

Step 2: Navigating the Filing Frequency and Deadline

The CAC requires companies (except in the case of a small company or any company having a single shareholder) to file their annual returns within a specific timeframe, usually 42 days after the annual general meeting for the year, whether or not that meeting is the first or only general meeting of the company in that year.

It is vital to mark this date on the calendar and set reminders to ensure timely compliance.

Step 3: Step-by-Step Guide to Filing Annual Returns in CAC

- **Prepare Necessary Documents and Information:**

Gather all relevant documents, including the company's registration details, *financial statements*, and reports.

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Ensure that the company's shareholder and director information is accurate and up-to-date.

If there is doubt about the accuracy of the company's information, recourse has to be made by applying and obtaining the latest status report of the company from the Commission's portal.

- **Update Company Records and Compliance Status:**

Before proceeding with the filing, verify that all company information is current and that the company is compliant with CAC regulations.

Address any outstanding compliance issues before submitting the returns. If that is not done, the application will be queried and applicant will be expected to remedy the omission.

- **Access the CAC Online Portal for Post-Incorporation application:**

Companies must file their annual returns through the CAC online portal (https://post.cac.gov.ng/annual-return-landing).

Creating an account on the online portal simplifies future filings and provides easy access to company records.

- **Complete the Annual Returns Filing:**

Navigate the online system or seek assistance from a Corporate Consultant to fill out the required forms and sections accurately. Double-check all provided information for correctness and completeness.

- **Make the Required Payment:**

Understand the fee structure for filing annual returns and ensure timely payment through the available payment options. Prompt payment helps avoid additional late fees.

Step 4: Meeting Requirements for Annual Returns Filing

Companies must adhere to specific requirements while filing their annual returns. These include:

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- **Document Checklist:**

Refer to the CAC's prescribed checklist to ensure all necessary documents are included in the filing.

- **Financial Statements and Reports:**

Prepare and submit financial statements, including the balance sheet, profit and loss statement, and cash flow statement.

- **Compliance with CAC Guidelines:**

Verify that the company meets all CAC guidelines and regulations regarding corporate governance, annual general meetings, and other statutory requirements.

- **Avoiding Common Mistakes:**

Stay vigilant in avoiding errors or omissions that could lead to rejection or delays in the filing process.

Step 5: Understanding the Cost of Filing Annual Returns

Filing annual returns incurs costs, which vary based on the company's authorised share capital **(Small companies pay N 10,000, while big companies pay N15,000)**. Companies should budget for these expenses and allocate funds accordingly.

Conclusion:

Filing annual returns with the CAC is a crucial responsibility that should not be overlooked.

By following the outlined steps, fulfilling the necessary requirements, and being aware of the associated costs, companies can ensure timely and accurate filing, thereby avoiding the risk of being struck off the Commission's record.

Compliance with annual returns not only maintains a company's legal status but also reflects a commitment to transparency, accountability, and good corporate governance.

Stay proactive and make annual returns filing a priority to safeguard your company's reputation and operations.

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