

BUSINESSES & CORPORATIONS



THE COMPLIANCE GUIDE

VOL 1

BUSINESS REGISTRATION AND ANNUAL RETURNS COMPLIANCE

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INTRODUCTION

THE IMPORTANCE OF STAYING COMPLIANT IN 2025



As we step into a new year, maintaining compliance with regulatory requirements should be a priority for every business. Compliance isn't just about fulfilling obligations; it safeguards your business from unnecessary costs, penalties, and operational disruptions. Staying compliant enhances your brand reputation, builds trust with clients and stakeholders, and ensures a seamless continuation of operations.

This guide focuses on two foundational aspects of compliance: business registration and filing annual returns with the Corporate Affairs Commission (CAC). We'll explore the significance of these requirements, the implications of non-compliance, and how to avoid common pitfalls.

SECTION 1

WHY BUSINESS REGISTRATION MATTERS



Don't Run Your Business Without Registration

Running an unregistered business poses several risks:

Name Availability Risk

You might unknowingly invest in a business name that isn't available for registration.

Legal Vulnerability

Running an unregistered business is illegal.

Contracts and transactions may be deemed invalid if conducted under an unregistered entity.

Missed Opportunities

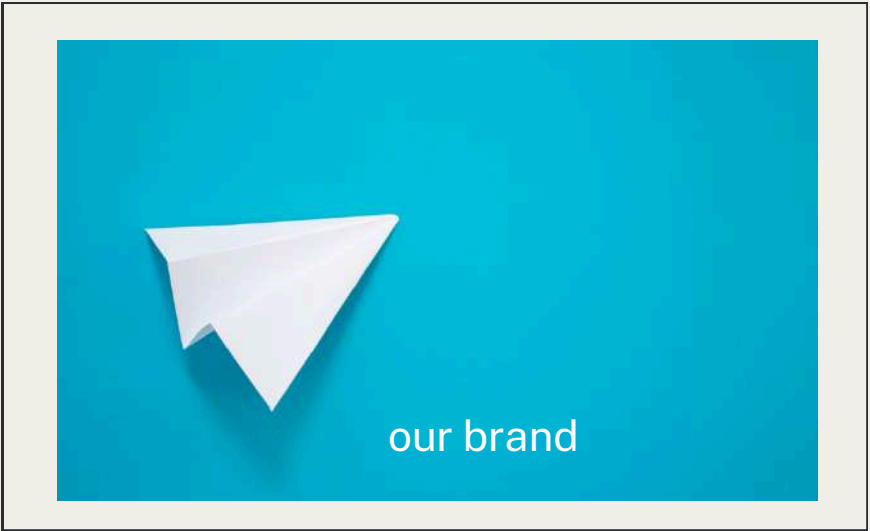
Many funding and partnership opportunities require proof of registration.

Take Action

Register your business name early to secure your identity and legitimacy.

SECTION 2

BRANDING BEFORE REGISTRATION – A COSTLY MISTAKE



Why Branding First Can Backfire

Branding adds visibility to a business, but branding before registration can lead to costly mistakes:

Risk of Name Duplication

The name you've branded may already be taken.

Waste of Resources

Investments in logos, marketing materials, and social media could be wasted if your name isn't approved.

The Solution

Always register your business first. Once the name is secured, proceed with branding to avoid unnecessary expenses.

SECTION 3

AFTER REGISTRATION FILING ANNUAL RETURNS



What Are Annual Returns?

Annual returns are mandatory yearly filings required by the CAC for all registered entities.

They are **Not Financial Statements**

They do not reflect profits or losses.

They are a **Legal Requirement**

Failure to file leads to penalties and the risk of being struck off the CAC register.

SECTION 4

CASE STUDY THE COST OF NON-COMPLIANCE



Lamp Tea Enterprise

Registered in 2006 but never filed annual returns until 2024. Here's the financial breakdown:

Year	Statutory Fee	Penalty	Total
2007–2023 (16yrs)	₦3,000/year	₦5,000/year	₦128,000
2024	₦3,000	—	₦3,000
Total	—	—	₦131,000

Key Insight

Filing on time would have cost ₦51,000. The delay led to an excess payment of ₦80,000, excluding transaction and professional fees.

SECTION 5

FILING ANNUAL RETURNS DEADLINES AND COSTS

Deadlines

Business Names

June 30 annually.

Limited Liability Companies (LLCs)

Small Companies (Turnover \leq ₦25M): 14 days after the Annual General Meeting (AGM).

Big Companies (Turnover > ₦25M)

Same as above.

Entity	Statutory Fee	Penalty
Business Names	₦3,000/year	₦5,000/year
Small LLCs	₦5,000/year	₦5,000/year
Big LLCs	₦5,000/year	₦10,000/year

The Risks of Defaulting/ Late Filing of Annual Returns

Striking off of the Company from the Register of the Corporate Affairs Commission

A 10-year default can lead to deregistration.

Ripple Effects

Dissolved companies cannot legally operate or enter valid contracts.

Big Companies (Turnover > ₦25M)

Same as above.

SECTION 6

BEST PRACTICES TO AVOID COMPLIANCE ISSUES



Set Reminders

Note deadlines for annual returns and other filings to stay on track.

Engage Professionals

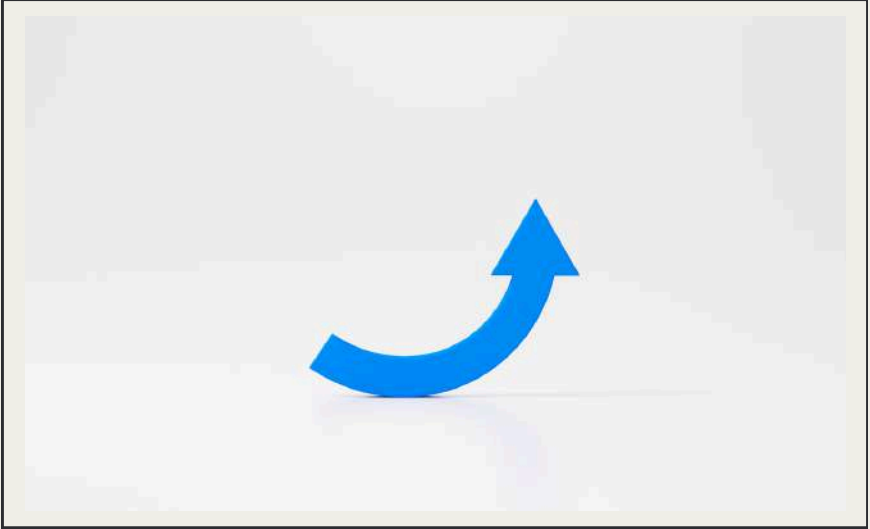
Work with CAC-accredited agents for seamless and error-free processes.

Stay Updated

Monitor CAC regulations and updates to ensure compliance with any changes.

CONCLUSION

FOUNDATION BEFORE GROWTH



While industry-specific compliance is important, foundational requirements like business registration and annual returns are equally vital. Non-compliance can render other efforts meaningless. Make it a goal to prioritize CAC compliance and protect your business in the coming year.

Start the year right! Ensure your business stays compliant. Reach out to a professional today to avoid unnecessary costs.

ABOUT

AVIEL AVENANTE LAW PRACTICE



Aviel Avenante Law Practice is a Nigerian-based law firm with branches in Lagos State and Ibadan, Oyo State. Founded as Adeola Adebimpe Law Firm in Lagos in March 2017, the firm commenced business in January 2018 and rebranded on 22 December 2021. It also has an active online practice where it goes by the sobriquet @aaLawsng on a diverse range of social media including the Fediverse.

The firm publishes a newsletter on LinkedIn called “Law Rays”, with a French version called “Rayons de La Loi”. The firm’s publications are also found on Medium and Substack. The firm has a keen focus on public education using its virtual platforms and educating in mediums that also include graphics and video.

The firm’s values orient it towards transparency, integrity and effectiveness, all bound within an amiable experience for clients.

The firm maintains a corporate culture oriented towards a healthy corporate community with staff equality and mutual respect – all opinions are listened to.

Practice Areas

Aviel Avenante’s scope of legal practice includes, among others: corporate and commercial law; real estate; migration; compliance; alternate dispute resolution; and taxation.

The firm’s corporate services include registration of business names, incorporated trustees, companies, filing of annual returns, SCUML registration, company secretarial services, corporate governance and compliance.

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