



BENEFITS OF REGISTERING YOUR BUSINESS WITH THE CORPORATE AFFAIRS COMMISSION (CAC)



The Corporate Affairs Commission (CAC) is the statutory body charged with the administration of the Companies and Allied Matters Act (the Act) which includes the regulation and supervision of the formation, incorporation, registration, management and winding up of companies in Nigeria. Section 7 of the Act set out the functions of the commission, as follows:

- (a) Administration of the Act including the regulation and supervision of the formation, incorporation, registration, management and winding up of companies.
- (b) Establishment and maintenance of Companies Registry and offices in all the states of the Federation.
- (c) Investigation into the affairs of any company where the interest of the shareholders and the public so demand

(d) Other functions as may be specified by any Act or enactment for giving full effect to the provisions of this Act, and

(e) Undertaking other activities as are necessary or expedient for giving full effect to the provisions of this Act.

BENEFITS OF CAC REGISTRATION

Recently, the Central Bank of Nigeria (CBN) released a directive that all businesses that opened bank accounts without their registration certificate should ensure that they regularize their bank accounts or they would be closed down pending regularization.

In Nigeria, an artificial person cannot open an account without registering with the CAC. When a business registers with the CAC, they can open a valid business account with the business name without hitches, which in turn helps your client trust the business regarding

payment. The certificate of incorporation is issued after registration, which indicates that such a business has been registered.

It is obvious that registration of a business is very important for a business authenticity, good reputation and legal recognition. When a business in Nigeria is registered, the business owner has a separate legal identity from the business itself. Thus, the business owner gets separate legal protection. Where liability arises from the business, the owner will not be held personally liable or responsible.

Also, it is easier to secure loans from banks with a registered business, compared to a personal loan application. Funding is critical in any business; and when it becomes necessary to source it externally, especially from banks, your legal business documents facilitate the process. This is because your company is seen as a legal entity and it can be tracked and accounted for. This gives credibility and trust and ensures confidence.

Other reasons you should register your company are:

- you can easily obtain a visa and travel to any country for business purposes,
- it helps your business remain relevant on the record of the corporate affairs commission,
- it gives your potential customers confidence that they are dealing with a reputable business,
- It gives the business owner an edge over other businesses that have not been registered and many others.

Conclusion

Conclusively, the importance of business registration cannot be overstated as ownership of the registration certificate is necessary to confer the right to operate a business legally and make available all rights and privileges accorded to companies in Nigeria.

A business can be registered as a business name, partnership, limited liability company, unlimited company or incorporated trustees. There is no better time to register your business than Now!

For any comments and additional information on the issues discussed, please contact any of the under- listed author:



Mary-Cynthia Okundaye

Associate, OAL
mary-cynthia@oal.law

This Publication is published for the general information of our clients, contacts and interested persons and does not constitute legal advice. Whilst reasonable steps were taken to ensure the accuracy of the information contained in this publication, Olisa Agbakoba Legal (OAL) accepts no responsibility for any loss or damage that may arise from reliance on its content.

Contact Us:

Corporate Office: 10A Ilabere Street, Ikoyi, Lagos. | Apapa Office: Maritime Complex 34, Creek Road, Apapa Lagos. | Abuja Office: Purplestone Mall, Plot 1265, Zone E27, Apo Resettlement, Apo, FCT, Abuja. | Postal Address: P.O.Box 3169, Apapa Lagos, Nigeria | Website: www.oal.law