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**Thank you for your survey feedback!**

## Top 5 Legal Pitfalls Nigerian Businesses Overlook – And How to Avoid Them

- 1. Failure to Register the Business Properly (CAC & Regulatory Compliance)**  
Many small and growing businesses operate without proper registration—either skipping Corporate Affairs Commission (CAC) registration or not updating company details as required.  
  
Lack of proper registration can block access to funding, prevent legal enforcement of contracts, and expose you to penalties.  
  
To avoid -
  - ☐ Register your business with the CAC (either as BN, LTD, or NGO).
  - ☐ Update any changes in company structure, address, or directors.
  - ☐ Check if your industry requires additional licenses (e.g., NAFDAC, SON, SEC).
- 2. Not Having Proper Contracts in Place**  
Verbal agreements or informal promises are still common, but they rarely hold up in court.  
  
Without a signed contract, you may struggle to enforce payment terms, protect your intellectual property, or define liability.  
  
Avoid it by -
  - ☐ Use written contracts for employees, vendors, partnerships, and clients.
  - ☐ Include dispute resolution clauses (e.g., arbitration vs. litigation).
  - ☐ Always get contracts reviewed by a lawyer familiar with Nigerian law.
- 3. Ignoring Tax Obligations and Penalties**  
Many businesses don't fully understand their tax obligations—leading to unexpected audits or fines from the Federal Inland Revenue Service (FIRS) or state tax bodies.  
  
Non-compliance with VAT, Company Income Tax (CIT), PAYE, or withholding tax can trigger penalties and affect your reputation.  
  
How to avoid it -
  - ☐ Register for your TIN (Tax Identification Number).
  - ☐ Engage a tax consultant to understand your obligations.
  - ☐ File returns on time and keep clear financial records.
- 4. Improper Employment Practices**  
Hiring staff without formal contracts, neglecting pensions (via PENCOM), or skipping workplace policies can put your business at risk.  
  
Disgruntled employees can take legal action at the National Industrial Court.  
  
To avoid -
  - ☐ Offer written employment contracts that outline job roles, compensation, and termination terms.
  - ☐ Register with NSITF, ITF, and PENCOM as applicable.
  - ☐ Develop workplace policies around leave, misconduct, and grievance procedures.
- 5. Lack of Intellectual Property Protection**  
Many entrepreneurs don't protect their brand name, logo, or innovations—leaving them open to infringement.  
  
Your business identity can be stolen or copied without legal recourse.  
  
How to avoid it -
  - ☐ Trademark your business name and logo with the Trademarks, Patents and Designs Registry.
  - ☐ If you have original content, designs, or inventions—consider copyrights or patents.
  - ☐ Monitor and enforce your IP rights proactively.

Want help avoiding these pitfalls?

Let our legal team assist with compliance, contracts, tax advice, and more. Reach out to us -

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