

THE CORPORATE VEIL DOCTRINE: TRENDS AND SHIFTS IN NIGERIAN JURISPRUDENCE

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Abstract

The corporate veil doctrine still represents a cornerstone of the company law, protects shareholders and directors from personal liability for the conduct of their corporation. However, the increasing fear of a misuse of this shield, especially within the Nigerian corporate environment has brought it under judicial and legislative scrutiny. This paper examines the development of this doctrine in Nigerian jurisprudence; it notes significant case law where courts have pierced or declined to pierce the corporate veil. Utilizing doctrinal and comparative methodologies, it unearthed the statutory regime established under the Companies Allied Matters Act (CAMA) 2020 (as amended by Business Facilitation Act, 2023), as well judicial pronouncements. The main argument is that although Nigerian courts have historically demonstrated a conservative outlook, contemporary litigation reflects a movement to purposive and justice-focused application of the doctrine. It suggests a more transparent statute, which would be guided by uniform judicial standard in determining when the veil should be pierced especially on fraud and agency along public policy. The paper concludes with specific recommendations, such as codifying exceptions to the doctrine and improving judicial education when it comes to corporate accountability. This paper adds to legal discourses unraveling the conflict between limited liability and corporate misuse in such developing economies as Nigeria.

Keywords: Corporate Veil, Limited Liability, Nigerian Courts, Judicial Trends

0.1. Introduction

The principle of corporate personality, explicitly established in the classic case *Salomon v. Salomon & Co. Ltd*, serves as a foundation that distinguishes the legal identity between corporations and its shareholders under company cases law². Nigerian company law as reflected in Section 42 of the Companies and Allied Matters Act (CAMA) 2020 provides for a company to sue or be sued in its own name³. In the Nigerian business landscape, however, this corporate veil is typically exploited to shield personal liability for fraud and regulatory offenses. Nigerian courts have, thus been invited to step in where such a dichotomy is used as instrument of injustice and denial of legitimate right. While the principle of limited liability is critical to encouraging entrepreneurship and investment, it also opens up avenues for corporate misbehaviour⁴. The veil of incorporation is oftentimes abused by directors and shareholders in Nigeria to perpetuate fraud, evade taxation, and run from debt recovery which creditors are most times at the receiving end. The doctrine's double edged nature, both offering protection and potential abuse, has sparked discussion of the extent to which unfettered corporate independence is truly desirable. Consequently, judges and lawmakers are increasingly tasked with finding a balance between upholding the sanctity of incorporation and ensuring justice in commercial disputes⁵.

One continuing concern involves the precise parameters of when courts can properly pierce the corporate veil. In *Onyema Oil & Gas Ltd v Access Bank Plc*⁶, the Court of Appeal held that veil piercing is only permissible in cases involving fraud or sham transaction. However, Nigerian law does not have an exhaustive statutory definition of what constitutes fraud warranting piercing the corporate veil as that has been left to judicial interpretation⁷. This leads to varying decisions and lack of predictability in corporate litigations. The

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² [1897] AC 22, 30–32.

³ Companies and Allied Matters Act 2020 (CAMA), s.42.

⁴ J O Abugu, *Company Law under the Nigerian Legal System*. (Lagos: MIJ Publishers, 2014). 201–202.

⁵ O J Orojo, *Company Law and Practice in Nigeria*. (Lagos: LexisNexis, 2008). 123.

⁶ (2023) LPELR-60347(CA), 17–20

⁷ Business Facilitation (Miscellaneous Provisions) Act, 2023, s.3.

absence of codified standards is a lacuna in the (Nigerian) statute. Recent changes in the law seek to address some of these issues. Section 93 of Companies and Allied Matters Act (CAMA), automatically mandates corporate transparency. Moreover, the Business Facilitation (Miscellaneous Provisions) Act 2023 further solidifies this framework through a simplification of enforcement mechanisms and by strengthening accountability⁸. Furthermore, such provisions are more preventive than curative and not intended to arm the courts with veil-piercing standards per se. Therefore, there remains a massive scope for judicial discretion underpinned by equity than fixed rules.

Nigerian academia, for long has taken note of the doctrinal uncertainty surrounding veil. Abugu defends the continued existence of limited liability but suggests that statutory exceptions ought to be more clearly drawn, and Oditah argues for pragmatic tests to establish when economic substance should triumph over legal form⁹. Their views are part of a larger skepticism that, without reform, the doctrine can produce more rather than less justice in corporate litigation. What scholars are calling for is statutory codification of exceptions and more informed judges. It emphasizes the pressing necessity of systemic reform in Nigerian legal process¹⁰. On that note, the sacrosanct nature of corporate veil lifting doctrine is increasingly being called into question especially where something like a 'front' has been used against an innocent party. The Nigerian judiciary is gradually tilting towards a purposive interpretation which gives larger importance to justice rather than form but inconsistently so¹¹. A clear body of statutory guidance or court rules would alleviate this tension, lessening the element of arbitrariness in decisions. In light of this recent emerging landscape, new scholarly engagement with the doctrine is both timely and needed. And the stakes are more than merely legal certainty; they involve public confidence in corporate regulation¹².

1.0 Research Purpose and Methodology

This paper focuses on the doctrinal uncertainty and inconsistency in judicial application of corporate veil doctrine in Nigeria. It questions if Nigerian courts apply a sensible legal philosophy in the lifting of veil doctrine, and whether extant statutory provisions deal with corporate personality abuse effectively. It also considers the extent to which more recent legislative interventions, not least in CAMA 2020 and Business Facilitation Act 2023 have moved towards enhancing accountability without destroying one of the benefits of limited liability. The paper uses the doctrinal legal approach that is based on statutory interpretation and case law analysis, however, it also includes academic literature to situate its critique. Furthermore, comparative methodologies are adopted from other jurisdictions including the UK, South Africa and Canada to recommend reforms that will complement Nigerian corporate laws.

1.2 The Structure and Purposes of the Paper

To structure the legal and theoretical matters properly, this paper is organized into six principal parts for comprehensive readership. Part II (after this Introduction) describes the theoretical and doctrinal underpinnings of corporate veil doctrine, which may rely on “doctrines as diverse as laches or fraud,” originating in classical legal theory but continually being redefined to elucidate contemporary questions of justice and responsibility. The third part is a review of literature and comparative analysis, comparing the views of scholars in Nigeria with that from others common law jurisdictions. The fourth part begins the inquiry into Nigerian judicial construction and statutory provision of these principles in regard to whether there is a trend or change over time as to how courts interpret them. The fifth part draws on veil-piercing doctrine and its effect to examine the broader implications of piercing for governance, creditor protection,

⁸ Business Facilitation (Miscellaneous Provisions) Act, 2023, ss.1–3.

⁹ J O Abugu, (n 4) 215.

¹⁰ F O Oditah, “Lifting the Veil Reconsidered.” *Nigerian Business Law Review* 6.1 (2020): 34–48.

¹¹ E Ojukwu, “Corporate Abuse and the Law.” *Nigerian Law Journal* 11.2 (2021): 88–95.

¹² K Adeyemi, “Corporate Fraud and the Need for Reforms in Nigeria.” *Nigerian Journal of Commercial Law* 5.1 (2018): 44–59.

and regulatory enforcement; The sixth section concludes with some reflections about areas ripe for legal reform as well as future research.

2.0. Theoretical and Jurisprudential Underpinnings of the Doctrine of Corporate Veil.

The theoretic and jurisprudential origins of the principle of corporate veil doctrine are fundamental for capturing its legal implications and developing application. Drawing on classical legal theory, economic analysis of the corporate form and moral reasoning these frameworks provide reasons why courts protect that personality in some cases but not others. By examining the philosophical roots, historical rationales and normative arguments in defense of it one is better able to understand this conflict between corporate autonomy and justice in contemporary legal and commercial transactions.

2.1. Philosophical Origin: *Salomon v. Salomon and the Corporate Veil of Incorporation*

The present corporate personality concept has its origins in reformed English law, and the leading case that described this principle is that of *Salomon v. Salomon & Co. Ltd*¹³ which confirmed that a legally incorporated company possesses a distinct identity separate from its members. This has developed to represent the legal foundation of corporate existence and has continued to influence company law within common, including Nigerian, jurisdictions. It provides that shareholders are not personally responsible for the debts or obligations of a corporation, unless there is fraud or injustice. Although this doctrine has allowed capital to be accumulated and risk-taking with limited liability, it also provided the opportunity for exploitation of corporate form. It is, therefore, little wonder that courts have seized upon *Salomon* following the spate of cases on corporate misuse¹⁴.

This conception is rooted in legal positivism¹⁵, which gives priority to positive law over justice. The legal system, according to this approach, has viewed the formal act of incorporation as a prerequisite for attributing personality and its implications. In *Salomon*, the House of Lords dismissed consideration as justification for disregarding a company's separate identity. The logic was a triumph of form over substance the very essence, indeed the incarnate exemplar even for single-shareholder entities shielding individuals from personal responsibility. This tactic has proved to be relatively robust and controversial in corporate law¹⁶. In Nigeria, *Salomon* was readily integrated into legal thinking by influence of English common law under Section 32 of the Interpretation Act¹⁷. In Nigeria, long before this time and to a large extent even now, our courts had always as much as possible respected the status of incorporation save in special cases where it ought not be allowed. Yet this literal interpretation has occasionally come into conflict with economic sense, particularly where an enterprise is deployed as a facade. The enduring extent of *Salomon* can be observed in the fact that Nigerian judges still cite it as a reference point for corporate separateness. However, judicial perceptions have started to change and there exists an increasing emphasis on the substance of transactions rather than their legal form.

¹³ *Salomon v. Salomon & Co. Ltd* [1897] AC 22, 30–3; *Akeem v. FRN* (2018) LPELR 43892 (CA); *Jubril v FRN* (2018) LPELR 43993 (CA)

¹⁴ *ibid.*

¹⁵ Legal positivism holds that the validity of a legal rule lies in its source and procedural enactment rather than its moral content, reinforcing the idea that law and morality are conceptually separate. See also H.L.A. Hart, *The Concept of Law* (Oxford: Oxford University Press, 2012) at 94–102, where he explains the framework of primary and secondary rules as central to understanding modern legal systems. This theory underpins the strict observance of statutory incorporation in corporate law, where once legal personality is conferred, courts are bound to respect it unless statute or precedent dictates otherwise. See also Hans Kelsen, *Pure Theory of Law* (Berkeley: University of California Press, 1967) at 1–14, where he posits that legal norms derive their authority from hierarchical legal order rather than ethical or sociological considerations.

¹⁶ J H Farrar, "Fraud, Fairness and Piercing the Corporate Veil." *Company Lawyer* 16.4 (1995): 113–119.

¹⁷ Interpretation Act, Cap. I23, Laws of the Federation of Nigeria 2004, s.32. It is interesting to note that Section 32 of the Interpretation Act, Cap. I23, LFN 2004 provides that, unless expressly excluded, the common law of England, including the doctrines of equity and statutes of general application in force as of January 1, 1900, shall apply in Nigeria. This provision forms the legal basis for the adoption of the corporate veil doctrine as established in *Salomon v. Salomon & Co. Ltd* into Nigerian company law, thereby affirming the principle of separate legal personality.

3.0. Literature Review and Comparative Insights

3.1 International Perspective: UK, Canada and South Africa

The United Kingdom remains yet the most important place for the development of the corporate veil doctrine, which goes back to *Salomon v Salomon & Co. Ltd*¹⁸. In the past, UK courts have protected the sanctity of legal personality, but they have made small exceptions for fraud and agency cases. The House of Lords' ruling in *Prest v Petrodel Resources Ltd*¹⁹ made things more principled by making a clear distinction between hiding and evading. Lord Denning and Gower, two British legal scholars, have also argued how important it is for courts to find a balance between strict doctrine and fair concerns. In South Africa, the Companies Act 71 of 2008 made veil-piercing official in Section 20(9). This lets courts hold shareholders or directors personally responsible when the corporate form is misused²⁰. South African law shows that this remedy can be used in cases of fraud, misuse of company assets, or unfair treatment of creditors. Legal experts like Cilliers and Benade aver that South Africa has made a lot of progress in filling in the gaps left by common law. South African law, according to them, is different from Nigerian law because it has clear statutory authority, while Nigerian law is more cautious and gives judges more freedom²¹.

Canadian courts have taken a relatively intermediate and flexible position, frequently focusing on the "corporate façade" theory for equitable analysis. The leading case on this point is the decision in *Kosmopoulos v Constitution Insurance Co.*²², which held that courts can pierce the corporate veil if it is necessary to do so in order to achieve a fair and just outcome. Canadian courts have always maintained that there isn't one clear cut test to pierce the corporate veil, however this is a remedy available when used for inappropriate purposes. Jurists like Bruce Welling complain about the lack of predictability in court decisions, but also concede that Canadian courts have been working to be fair and purposive²³.

3.2 Themes from Academic Debates: Fairness, Predictability, and the Misuse of Legal Form

Legal scholars from all over the world have been arguing for a long time about whether the corporate veil doctrine is fair in practice. Critics opine that corporate veil doctrine often protects wrongdoers from having to take responsibility, even though it gives investors more certainty²⁴. In closely held companies, the veil can be used to hide assets, avoid taxes, or get out of tort liability²⁵. Because of this, scholars like Lawrence Mitchell and David Millon advocate changes that make people more accountable without getting rid of the doctrine completely. Predictability is yet another, deeper question in legal discourse. Even though courts frequently profess to employ veil-piercing doctrines cautiously and uniformly, judicial decisions show that results are far from predictable. Frank Easterbrook and Daniel Fischel, advocates of the "contractarian" perspective, contend that it is important for economic efficiency to have predictable corporate rules. Yet, skeptics of this functionalist strategy argue that an overemphasis on predictability may render injustices less visible and equalizing remedies more difficult to deliver²⁶. Abuse of the corporate form is still a major reason for judicial intervention, especially when fraud or hiding something is involved. Researchers have shown how people and businesses use complicated corporate structures to avoid being held responsible and make it harder to enforce rights²⁷. This issue has been very important in both Nigerian and foreign case law, where

¹⁸ *ibid*

¹⁹ [2013] 2 AC 415, paras. 35–37.

²⁰ Companies Act 71 of 2008 (South Africa), s. 20(9).

²¹ H S Cilliers and M L Benade, *Corporate Law*. (Durban: LexisNexis, 2012). 117–119.

²² [1987] 1 SCR 2, 10–12

²³ B Welling, *Corporate Law in Canada: The Governing Principles*. (Toronto: Scribblers Publishing, 2006) 210–215.

²⁴ D Millon, "Piercing the Corporate Veil, Financial Responsibility, and the Limits of Limited Liability." *Emory Law Journal* 56.5 (2007) 1305–1320.

²⁵ E M Mitchell, "The Fairness Rights of Corporate Bondholders." *Duke Law Journal* 65.3 (1991): 413–465.

²⁶ Easterbrook, and Fischel. *The Economic Structure of Corporate Law*. (Cambridge: Harvard UP, 1991) 41–43.

²⁷ S M Bainbridge, "Abolishing Veil Piercing." *Journal of Corporation Law* 26.3 (2001): 479–508.

courts are hesitant to lift the veil in order to protect the integrity of the legal system²⁸. The arguments are still mostly about whether the law should stay formal or deal more with the realities of business²⁹.

4.0. Judicial Interpretation of the Corporate Veil Doctrine in Nigeria

Nigerian Courts have long adopted the foundational principles laid down in *Salomon v Salomon*³⁰, applying them within the domestic context through Section 32 of the Interpretation Act. The idea of corporate personality has been upheld in a number of Nigerian cases, such as *Marine Management Associates Inc. v N M A*³¹, where the Supreme Court acknowledged that a corporation is a separate legal entity³². But in some cases, courts have gone against this rule when the company's structure is used to commit fraud or avoid legal responsibilities. This has led to a body of Nigerian case law in which the veil has been legally pierced to get justice. However, these kinds of interventions are still up to the judge and can be very different from case to case. In *Onyema Oil & Gas Ltd v Access Bank Plc.*³³, the Court of Appeal held again that veil-piercing is only allowed when the company is used as a front or alter ego. This shows a change in the way the courts think. The court made it clear that shareholders and directors can't use the corporate form to commit fraud or stop contracts from being enforced. The court looked at the actions and money transactions that were going on around the company to see if it was a way to trick people. The ruling is in line with a growing trend in the courts to use purposive interpretation when corporate personality is used to hide unfairness. Still, the decision doesn't go all the way to giving a full test or doctrine.

The Companies and Allied Matters Act (CAMA) 2020, as well as the Business Facilitation (Miscellaneous Provisions) Act 2023 [hereinafter CAMA], modestly support transparency through legislation without going so far to codify grounds for which corporate personality may be set aside by a court. Under section 93 beneficial ownership disclosure is required for the purpose of indirectly combating corporate personality abuse³⁴. Section 119 also makes it a duty for companies to have its register of beneficial owners, hence increasing visibility into company ownership and decision making³⁵. The Act does not however include any substantive conditions pursuant to which a court must or may lift the corporate veil. This leaves veil-piercing decisions largely at the discretion of courts, based on particular facts and equities in individual cases.

In *Crestar Integrated Natural Resources Ltd v Access Bank Plc.*³⁶, the court addressed whether or not a parent company would be held personally liable for the debts of its subsidiary, it however refused to pierce veil where there was no direct evidence of misuse. The case demonstrates the conservative trend of Nigerian appellate courts, generally holding 'a very high evidence bar before they will lift and/or pierce the corporate veil. This is popular response is indicative of the ongoing reluctance to derogate from this fundamental notion that a company has its own intrinsic autonomy and existence except in limited and exceptional circumstances. The remedies are not awarded unless courts find fraud, agency, or false concealment. Nigerian Supreme Court is yet to firmly develop a unified doctrine in treatment of such controversies. Several cases also illustrate the judiciary's concern with sham companies and fraudulent incorporation. In *F B N Plc v Associated Motors Co. Ltd*³⁷, the court lifted the corporate veil following its discovery that it was used by a company to deceive a creditor and shift responsibility thereupon. Courts focused on the policy objective of avoiding injustice where formal incorporation is used to avoid liability. Although these decisions establish valuable legal precedents, they suggest that the decision to pierce corporate veil is ad-hoc and reactive in

²⁸ *Onyema Oil & Gas Ltd v. Access Bank Plc* (2023) LPELR-60347(CA) 17–20.

²⁹ F Oditah, "The Corporate Personality and Lifting the Veil." *Modern Law Review* 57.3 (1994): 346–358.

³⁰ *ibid.* Interpretation Act, Cap. I23, Laws of the Federation of Nigeria 2004, s.32

³¹ (2012) 18 NWLR (Pt. 1333) 506 at 542–543.

³² *Marine Management Associates Inc. v. N.M.A.* (2012) 18 NWLR (Pt. 1333) 506 at 542–543.

³³ *ibid.* 17-20

³⁴ Companies and Allied Matters Act, 2020 (as amended by the Business Facilitation (Miscellaneous Provisions) Act, 2023), s.93.

³⁵ Companies and Allied Matters Act, 2020 (as amended), s.119.

³⁶ (2021) LPELR-55623(CA). 33–36

³⁷ (1998) 10 NWLR (Pt. 570) 441 at 460–462.

Nigeria. The attitude of the Courts corresponds to above: that they still shy away from formulating general doctrines, and rely heavily on their relation to the facts in each case³⁸.

5.0. Instances of Lifting the Veil by Nigerian Courts

5.1 Under Statutory Provisions

- i. Number of company directors falling below two persons. Where the number of directors of a company, not being a small company falls below two, for more than Sixty (60) days, the director and members shall be personally responsible for all debts and liabilities incurred by the company during the said period³⁹.
- ii. Where director fails to disclose his interest in any transaction. In such a case, the director commits an offence and is liable to a fine⁴⁰.
- iii. Directors may be personally liable where it is so agreed⁴¹.
- iv. Intended fraud by company. Where the company involves herself in fraud through the misapplication of money or property, the director or officer involved shall be personally responsible and liable for same⁴².
- v. Reckless or fraudulent Trading wherein the course of winding up, it is discovered that there were reckless or fraudulent trading by officers and director, they would be personal liable for such liability or debt⁴³.
- vi. Disclosure of loans to directors or connected persons. The Act mandates that the group financial statement of a holding company shall disclose loans in favour of directors and connected persons⁴⁴.

5.2. Under Case Law

- i. Where the company is acting as an agent of the shareholder or as a sham.
- ii. Where the shareholder or director uses the company as a shield or sham, then the court would ignore the artificial transaction and lift the veil to see the actual masquerader behind the veil who would be personally liable. This is a question of fact to be determined by the court⁴⁵.
- iii. Group of companies: single enterprise or single economic unit theory. The court may lift the veil to view the subsidiaries of the company where the subsidiary companies are being used by the parent company for commercial malpractice, fraud or artificial transactions⁴⁶.
- iv. Illegality: The Court would lift the veil where the company has engaged in illegality⁴⁷.
- v. Evasion of Taxes: The court would lift the veil where it is being as a cloak of tax evasion by creation of artificial transactions⁴⁸.
- vi. Public Policy: The court may lift the veil on grounds of public policy⁴⁹.
- vii. Agency Relationship: The court may lift the veil in agency relationship to find the agent, who is using the company as a shield, where the justice of the case so demands⁵⁰.
- viii. Trust Relationships: Where a company is holding share in trust for third parties and the management of the company is in the hands of trustees, the court may lift the veil of incorporation so as to appropriate the company's property with the terms of the trust⁵¹.

³⁸ *ibid.*

³⁹ Companies and Allied Matters Act, 2020, s. 271(3)

⁴⁰ CAMA s. 303(3)

⁴¹ CAMA s. 314(1)

⁴² CAMA s. 316(C); *PFS Ltd v Jefia* (1998) 3NWLR (Pt 543) 602

⁴³ CAMA ss. 658, 659 and 660

⁴⁴ CAMA s. 383

⁴⁵ *PFS Ltd v Jefia* (1998) 3 NWLR (Pt 543) 602 at 614; *Nigerite Ltd v Dalami Nigeria Ltd* (1992) 7 NWLR (Pt 253); *ibid.* J O Orojo. 288 at 304.

⁴⁶ *Union Beverages Ltd v Pepsi Cola Int'l Ltd & Others* (1994)2 SCNJ, 157

⁴⁷ *Merchandise Transport Ltd v British Transport Commission* (1962)2 Q B 173

⁴⁸ Companies Income Tax Act, Cap C21, LFN 2004. s. 22

⁴⁹ *Daimler Co. Ltd v Continental Tyre and Rubber Co. Ltd* (1916)2 AC 307

⁵⁰ *O B Akinola, Corporate Law Practice* (Abuja: The Paracletes Publications, 2013). 20

⁵¹ *The Abbey Malvern Wells Ltd v Ministry of Local Government and Planning* (1951) Ch 728

6.0. Policy, Governance and Accountability Implications

6.1. Corporate Abuse and Regulatory Evasion in Nigeria

In Nigeria, corporate abuses are typically perpetrated through the instrumentality of shell companies, phantom directorates and a web of fictitious business concerns to underpin ownership interest and defray responsibilities. Weak enforcement and corporate disclosure opacity combine to enable this system that bad actors have manipulated to undermine legal regimes. In many instances these measures are not enforced because of a collaboration between corrupt insiders and ineffective regulations, such as the laxness in regulation developed by government agencies. Non-compliance with the statutory filing and reporting requirements is also a common mode of regulatory avoidance. Some businesses do not submit annual returns, audited financial statements or the names of beneficiaries but still function and receive tenders. That erodes transparency, yields an unfair advantage in markets and damages public confidence in the marketplace. “Regulatory capture,” involving regulators who are influenced, or even co-opted, by the companies they are supposed to oversee is still a major issue. It undermines the autonomy and efficiency of statutory institutions such as Corporate Affairs Commission (CAC) among others. Their failings feed a lack of accountability, in which corporate actors operate without due sanction.

6.2 Impacts on Creditor Rights, Tax Justice, and Public Interest

Creditor Rights: Creditors are unable to collect claims in equity against companies that hide assets or engage in fraudulent transfers and cannot recover through litigation. This undermines trust in lending systems and inhibits long-term investment by small- to medium-sized businesses.

Tax Justice: Also, regulatory avoidance enables the erosion of tax bases through transfer-mispricing, false-invoicing and non-declaration of profit. This deprives the government of essential funding for development, further increasing inequality and underfunding critical services.

Public Interest: Misuse of corporate forms erodes competitive markets, workers’ rights and the environment. It is communities that bear the brunt of corporate irresponsibility, and particularly so in extractive sectors, unable to seek or gain redress or compensation because of the failure of state regulations.

6.3 The Role of Corporate Governance Codes and Regulatory Bodies (CAC, SEC)

The Corporate Affairs Commission (CAC) have statutory provisions under Sections 104–108 of Companies and Allied Matters Act (CAMA) 2020 to keep records on beneficial owners, as well as enforce annual disclosures by companies. This is as essential for transparency, and breaking the web of corporate secrecy as it is desirable, yet compliance remains low due to light penalties and minimal accessibility by members of the public. The responsibilities of the CAC also extend to enforcement director’s duties and prevention of dummy shareholders under Section 305 CAMA 2020, aimed at using corporate veils for perpetrating fraud. Similarly, Securities and Exchange Commission (SEC) has been very active in enforcing corporate governance at publicly traded companies. Pursuant to the SEC Corporate Governance Code 2011, companies must form audit committees, disclose related party transactions and maintain board independence. These provisions are reinforced by Rule 21 of the SEC Rules and Regulations 2013, which empowers the SEC to impose sanctions for breaches of disclosure obligations. The SEC also monitors insider trading, market manipulation, and protects minority shareholders.

Notwithstanding these structures, enforcement is frequently erratic as a result of resource limitations and political interference. Therefore, there is a great need to strengthen the independence of these institutions and promote better cross-agency cooperation focusing on, in particular the Federal Inland Revenue Service (FIRS) and anti-corruption agencies. Compliance, accountability and real-time digital reporting along with whistle-blower protection need to be enshrined to enhance accountability. Codes of governance need to be adapted in order that they are able to reflect all the forms of abuse that occur within digital and offshore financial systems.

7.0. Conclusion and Recommendations

The evidence in this paper indicates that the corporate veil doctrine is foundational to Nigerian company law but it has not always worked to quash all incidences of executive dishonesty and irresponsibility. Judicial hesitance to pierce the veil except in extreme cases has been stubbornly resistant to changing patterns of fraud, regulatory circumvention and group liability. However, recent pronouncements of the judiciary point toward a purposive approach to the doctrine at least when faced with measures dealing with issues grounded on public interest (even where equity may also be considered). The Companies and Allied Matters Act (CAMA) 2020, amended by the Business Facilitation Bill 2023, captures this development through provisions that are clearer on disclosure/ directorship/beneficial ownership etc.

However, the lack of codified criteria to veil-piercing in Nigeria still leads to uncertainty and varied results across jurisdictions. This is particularly dangerous in a world where corporate forms are often used to insulate law breaking and undermine enforcement. Furthermore, the absence of codified standards for veil-piercing continues to create legal uncertainty and inconsistent outcomes in Nigerian courts. In addition, regulators do not always enforce reporting requirements or have oversight of the group's subsidiaries. As commercial practices grow in complexity particularly with the advent of digital and cross-border operations, Nigeria's legal framework has to evolve so as to achieve corporate growth while maintaining accountability. This calls for targeted legislative, judicial, and administrative reforms anchored in clarity, transparency, and public interest protection.

To respond to these findings, the paper offers the following recommendations:

First and foremost, statutory codification of all exceptions to this rule when piercing or lifting the corporate veil is essential. This entails the legislative codification of veil-piercing exceptions, particularly in cases of fraud, agency, sham companies, and where justice demands intervention. To embed all such grounds in CAMA would provide the courts with structured discretion and simultaneously protect this doctrine. Secondly, practical and specialized judicial training should be deployed to familiarize judges with international developments in veil-piercing and capacitate them to engage purposive reasoning in the interpretation of commercial matters. This could cut down on whimsical decision making and promote a consistent judicial vision. Thirdly, regulatory bodies such as the Corporate Affairs Commission (CAC) and Securities and Exchange Commission (SEC) can use digital tools to signal red flags in ownership structure, re-offences if any or entities linked together. Improved access to data would also facilitate judicial and administrative oversight. Fourthly, courts ought to introduce a doctrine of group enterprise liability in instances where corporate groups are exploited as legal devices. It would put Nigerian jurisprudence on the same pedestal as similar developments elsewhere in common law jurisdiction and forestall potential manipulation of multi-layer corporate structures.

Finally, more empirical and comparative legal analysis of the efficacy in developing economies is called for. Such information would make a solid foundation for law reform as well as judicial evolution. Academic input could help clarify ambiguities, illuminate policy trade-offs, and promote consistency. To the extent that these proposals align with where the paper identifies cracks in Nigerian corporate veil, they serve as a template for legal reform and institutional build-up. Adopting them would not only eliminate statutory holes, but also produce a judiciary that is sensitive to the realities of corporate exploitation. As the Nigerian company law continues to develop, engrafting fairness, certainty and transparency will be crucial in achieving credibility of the lifting the veil doctrine. This is the only way to strike a proper balance between limited liability and public safety.