FROM TAX REFORM LEGISLATION TO EFFECTIVE IMPLEMENTATION: AN ANALYSIS OF NIGERIA'S 2025 TAX REFORM FRAMEWORK, STRATEGIES AND CHALLENGES

Josephine A. A. Agbonika*
J. A. M. Agbonika*

Abstract

Taxation remains a critical instrument for revenue generation, economic regulation, wealth redistribution, and sustainable national development. For many years, Nigeria's tax system was characterized by fragmented legislation, multiple taxation, administrative inefficiencies, low compliance levels, jurisdictional conflicts, and excessive dependence on oil revenue. In response, the Federal Government introduced a comprehensive tax reform programme culminating in four major statutes: the Nigeria Tax Act 2025, the Nigeria Tax Administration Act 2025, the Nigeria Revenue Service (Establishment) Act 2025, and the Joint Revenue Board of Nigeria (Establishment) Act 2025. These laws established a new tax regime aimed at simplifying tax administration, broadening the tax base, enhancing transparency, improving compliance, and strengthening revenue generation. This paper examines the transition from tax legislation to practical implementation within the Nigerian fiscal system. It analyses the conceptual framework of tax reform implementation and evaluates major innovations, including the consolidation of tax laws, digital tax administration, taxpayer-centred services, the establishment of the Nigeria Revenue Service, the Office of the Tax Ombud, the restructuring of the Tax Appeal Tribunal, and the adoption of international best practices. The study identifies implementation challenges, including institutional capacity limitations, technological infrastructure gaps, intergovernmental coordination, taxpayer resistance, compliance costs, legal uncertainties, digital asset taxation, and the need for continuous legislative adaptation. While the 2025 Tax Reform Package represents the most significant restructuring of Nigeria's tax system since independence, legislative reform alone cannot guarantee fiscal transformation.

Keywords: Tax Reform, Nigeria Tax Act 2025, Revenue Generation, Tax Compliance, Digital Taxation, Tax Implementation.

Introduction

Taxation remains one of the most important instruments available to governments for revenue generation, wealth redistribution, economic regulation, and national development. In Nigeria, the tax system has historically been characterized by multiplicity of taxes, fragmented legislation, administrative inefficiencies, poor compliance levels, and persistent disputes regarding tax jurisdiction and enforcement.

* Dean, Faculty of Law, Veritas University, Abuja, Professor of Law of Taxation, Senior Advocate of Nigeria, SAN, LL.B (ABU), BL, LL.M, (University of London), Ph.D (Uni-Abuja), FCTI, FIPMD, ACIArb, FCAI, FIMC, Notary Public, LSM, JP; Commissioner, Tax Appeal Tribunal (2010-2016), Email, phinagbonika@yahoo.com.

* Professor of Law, Kogi State University (KSU), Anyigba, LL. B (ABU), LL.M (ABU), Ph. D (University of London), BL, Adjunct Professor 2016 – 2021, Salem University, Lokoja and Sabatical 2021 – 2022, Salem University, Lokoja, FCTI, FIPMD, ACiarb, FIMC, Notary Public KSM, JP, Former Commissioner for Justice and Attorney General of Kogi State, Former Special Adviser on Legal and Chieftaincy Affairs Kogi State.

Recognizing these challenges, the Federal Government initiated comprehensive tax reforms culminating in the enactment of four major tax statutes on 26 June 2025. These statutes include the Nigeria Tax Act 2025, the Nigeria Tax Administration Act 2025, the Nigeria Revenue Service (Establishment) Act 2025, and the Joint Revenue Board of Nigeria (Establishment) Act 2025.[1] The statutes became fully operational on 1 January 2026 and collectively introduced a new tax regime designed to simplify tax administration, broaden the tax base, enhance transparency, and improve revenue collection.[2]

While the enactment of these statutes constitute a significant legislative achievement, the effectiveness of any tax reform ultimately depends on implementation. The transition from legislative intent to practical execution often presents complex challenges involving institutions, technology, human resources, taxpayers, and governance structures. Consequently, understanding the implementation dynamics of Nigeria's tax reforms is critical to evaluating their prospects for success.[3]

Conceptual framework of tax reform implementation

Tax reform implementation refers to the process through which legislative tax policies are translated into operational realities through administrative actions, institutional arrangements, technological systems, enforcement mechanisms, and taxpayer engagement strategies.[4]

Implementation involves more than the enactment of laws. It requires effective coordination among tax authorities, adequate funding, trained personnel, technological infrastructure, stakeholder cooperation, and continuous monitoring. Successful tax implementation ensures that the objectives envisioned by lawmakers are achieved in practice.[5]

In the Nigerian context, implementation encompasses the operationalization of the provisions contained in the Nigeria Tax Act 2025, the Nigeria Tax Administration Act 2025, the Nigeria Revenue Service (Establishment) Act 2025, and the Joint Revenue Board of Nigeria (Establishment) Act 2025.

The 2025 Tax Reform Package represents arguably the most comprehensive fiscal restructuring undertaken in Nigeria since independence. Emerging against a backdrop of low tax productivity, heavy dependence on petroleum revenues, a multiplicity of taxes, and persistent fiscal deficits, the reform agenda was designed as a comprehensive economic transformation strategy to expand the non-oil revenue base and modernise taxation. From a legal and policy standpoint, the enacted laws substantially reflect the broad objectives articulated during the reform process. However, while the legislation marks a significant advancement, certain gaps remain between the aspirations of the reform programme and the realities embedded within the enacted provisions. The deliberate effort to address historical structural weaknesses within Nigeria's fiscal system is evidenced by the simultaneous enactment of four core legislative instruments.[6]

An assessment of the enacted tax provisions reveals a substantial alignment with the primary promises of the reform agenda, though critical operational qualifications persist.

The reforms demonstrate a structured effort to broaden the tax base and mitigate base erosion and profit shifting (BEPS). This is achieved via the formalisation of segments of the informal economy, strengthened anti-avoidance provisions, enhanced transfer pricing rules, and digital economy taxation mechanisms. Furthermore, the adoption of international principles relating to controlled foreign entities, beneficial ownership disclosure, and the introduction of a 15% global minimum tax applicable to qualifying multinational enterprises (MNEs) reflects a clear commitment to protecting Nigeria's tax base while participating in the evolving global international tax architecture.

---

[1] Taiwo Oyedele, "Nigeria's Tax Reform Agenda: Building a Fair, Efficient and Growth-Oriented Tax System," 14(1) *Nigerian Tax Journal* 5, 9–15 (2025).

[2] ibid

[3] Abdulmudallib Salihu Abubakar, "Tax Law Rewrite and Simplification: A Critical Assessment of the Nigeria Tax Reform Acts, 2025," SSRN Electronic Journal (Revised Edition, December 2025), pp. 12–20.

[4] Odusola A. F., "Tax Policy Reforms in Nigeria," 8(1) World Institute for Development Economics Research Discussion Paper Series 1, 16–29 (2006). Retrieved via https://www.wider.unu.edu on 12th June, 2026.

[5] ibid

[6] Nigeria Tax Act 2025, Preamble and ss. 1–5; Nigeria Tax Administration Act 2025, ss. 1–8; Nigeria Revenue Service (Establishment) Act 2025, ss. 2–7; and Joint Revenue Board of Nigeria (Establishment) Act 2025, ss. 1–6.

Historically, Nigeria's tax laws developed incrementally over several decades, resulting in a fragmented legal landscape across the Companies Income Tax Act, Petroleum Profits Tax Act, Personal Income Tax Act, and Value Added Tax Act, among others. The objective of simplification is evident in the consolidation and harmonisation of these multiple, fragmented tax statutes into a more coherent legislative framework. The establishment of standardized compliance procedures, clearer administrative structures, and automated tax mechanisms significantly improves legislative coherence, reduces interpretational ambiguities, and has the potential to lower compliance costs for taxpayers.

One of the major weaknesses of the previous tax regime was the proliferation of overlapping statutes, conflicting administrative interpretations, and inconsistent enforcement practices. The codification of previously fragmented rules into legislation enhances predictability and curtails the discretionary powers previously exercised by tax administrators. The new framework provides clearer definitions of taxable persons, taxable income, deductible expenses, permanent establishments, and digital transactions.

Nigeria has moved significantly closer to global best practices by reflecting principles promoted by the Organisation for Economic Co-operation and Development (OECD),[7] the United Nations Model Tax Convention, and the African Tax Administration Forum. This alignment is predominantly visible in the treatment of cross-border transactions, transfer pricing regulations, digital taxation, and anti-avoidance measures.

The reforms introduced ambitious attempts to shift the tax burden away from the economically disadvantaged. This is driven by expanded tax reliefs for low-income earners, the recalibration of tax bands, and the strengthening of tax exemptions for vulnerable groups.

Comparative Analysis, Innovations, and Implementation Realities

A comparative analysis of tax reforms across Africa reveal that Nigeria's reform package possess several distinctive features that position it among the most ambitious fiscal modernisation programmes on the continent, yet its long-term success remains heavily dependent on execution as follows:

Innovative Features

a) Comprehensive Legislative Consolidation: Streamlining and harmonising multiple fragmented statutes into an integrated legislative package, unlike many African jurisdictions operating under decades-old fragmented laws.

b) Digital-First Approach (REV360): Enabling end-to-end tax administration (retrieving TINs, filing annual returns, generating assessments, electronic payments, and tracking Tax Clearance Certificates) without physical interaction. Aligns with frameworks used by the South African Revenue Service and Rwanda Revenue Authority.

c) Taxpayer-Centred Service Model: Transitioning from a solely revenue-driven approach to a service-oriented model featuring enhanced taxpayer rights, clearer dispute resolution, and structured refund mechanisms.

d) Withholding Tax Adjustments: Nominal reduction of withholding tax rates across several sectors to alleviate cash-flow constraints, particularly for small and medium-sized enterprises (SMEs)

Potential Implementation Challenges

Institutional & Technical Capacity: The sophistication of several statutory provisions may outpace the technical capacity currently available within tax authorities, particularly at sub-national levels; Technological Readiness & Infrastructure: Total dependence on robust digital infrastructure, integrated databases, data management, and cybersecurity. Interoperability across federal and state

[7] Organisation for Economic Co-operation and Development (OECD), *Tax Administration 2025: Comparative Information on OECD and Other Advanced and Emerging Economies* (OECD Publishing, Paris, 2025) pp. 1–155. Retrieved via https://www.oecd.org/en/publications/2025/11/tax-administration-2025_6360fad8.html?utm_source=chatgpt.com on 12th June, 2026.

tax systems remains a work in progress; Intergovernmental Coordination: Nigeria's federal structure requires extensive cooperation. Overlapping mandates and jurisdictional disputes between federal, state, and local authorities could create operational friction; Transitional Uncertainty & Compliance Culture: Businesses and professionals face short-term adjustment burdens in retraining personnel, adapting internal systems, and executing proper reconciliation procedures to secure tax credits.

From the perspective of interacting with taxpayers and businesses, the immedia te operational focus rests heavily on measures affecting corporate cash flow and administrative burdens.

The introduction of statutory timelines, risk-based verification procedures, and automated systems for refund administration represents a significant structural improvement. Delayed refunds have historically created severe liquidity challenges for businesses. However, the practical operationalisation of these timelines will depend on institutional discipline, adequate staffing, and the continuous funding of tax authorities to process claims promptly. Similarly, while withholding tax rate reductions offer meaningful relief, the benefits will remain unrealised if businesses face bureaucratic delays in reconciling and obtaining credits for taxes withheld.

During the transition period, businesses may experience a temporary spike in compliance burdens as they realign internal systems, update accounting software, and familiarise themselves with the new legal landscape. Over time, as administrative processes become more streamlined and integrated digital platforms reduce transaction friction, these temporary adjustment costs are expected to diminish, resulting in lower compliance costs in the medium and long term.

While the introduction of the 15% global minimum tax demonstrates Nigeria's intent to curb artificial profit shifting by Multinational Enterprises (MNEs),[8] cross-border taxation remains a rapidly evolving frontier. The current reforms address longstanding concerns regarding transfer pricing abuses and treaty-related challenges. However, emerging business models including digital assets, artificial intelligence-driven commerce,[9] cloud computing, and remote service delivery will continue to challenge traditional concepts of permanent establishment and tax nexus.

Consequently, the current reforms cannot be treated as a final destination; rather, they serve as a milestone that require continuous legislative and administrative adaptation to avoid obsolescence.[10]

Major legislative transitions invariably generate systemic ambiguity, which will likely stimulate litigation and fresh controversy in the short to medium term. Anticipated areas of legal dispute include:[11] The interpretation and application of expansive anti-avoidance provisions; Transfer pricing adjustments, minimum tax rules, and cross-border digital economy taxation; The constitutional boundaries of taxing powers between federal and state governments regarding consumption taxes, digital transactions, and emerging economic sectors; Transitional conflicts arising from the application of legacy tax rules versus the newly enacted provisions.

For legal practitioners, this shifting landscape creates substantial professional opportunities. Demand is projected to expand significantly across tax advisory services, regulatory compliance, corporate tax structuring, policy advocacy, and tax dispute resolution. Lawyers who develop specialized competencies in international taxation, transfer pricing, and tax technology will be uniquely positioned to guide clients through the new regime.

Over the next five years, technology is projected to reshape the trilateral relationship among taxpayers, professional advisers, and tax authorities into a more data-driven, proactive ecosystem.
The application of technology delivers the highest value when deployed through integrated digital platforms that automate routine processes like registration, real-time assessment, and refund tracking. Revenue authorities will increasingly rely on artificial intelligence (AI) and data analytics for risk

---

[8] Mide Alabi, "Nigeria's New Tax Regime (2025): Institutional Consolidation, Administrative Ambition and the Limits of Legal Design," Babcock University Research Publication (2025), pp. 19–31.

[9] Bob Hamilton, "The Rise of Artificial Intelligence in Tax Administration," in *Tax Administration 2025* (OECD Publishing, 2025) pp. 15–29.

[10] Patrick Edet Akinninyi, "Digital Revenue Governance and Subnational Fiscal Autonomy in Nigeria: Insights from the 2025 Tax Reform Framework," 9(8) *IRE Journals* 1157–1166 (2026), p. 1159.

[11] Taiwo Oyedele, *Fiscal Policy and Tax Reform in Nigeria: Building a Competitive Revenue System* (Presidential Committee on Fiscal Policy and Tax Reforms, Abuja, 2025) pp. 25–48.

assessment, fraud detection, and anomaly identification. Manual audits will gradually be replaced or heavily supplemented by automated risk analysis based on real-time transactional data.[12]

As tax authorities gain direct, real-time visibility into transaction networks, the role of tax advisers will undergo a structural shift. Advisers will transition away from routine, compliance-focused filing tasks toward high-value strategic advisory functions. Their value proposition will center on complex statutory interpretation, long-term tax planning, fiscal governance, and dispute management. Taxpayers will ultimately benefit from accelerated processing times, greater transparency, and diminished administrative friction.

A critical issue confronting the current reform process is the circulating report indicating that at least two differing versions of the Nigeria Tax Act have been allegedly signed by the President and gazetted.[13] Legislative certainty fundamentally requires a single, authoritative, and universally accessible legal text.[14]

If material discrepancies exist across multiple versions of the same Act, it raises profound constitutional, administrative, and rule-of-law concerns. Taxpayers, judicial bodies, and tax administrators cannot operate predictably without a common legal foundation;[15] conflicting texts expose businesses to inconsistent enforcement and arbitrary interpretations.

From a legal perspective, the authentic version must be verified through established constitutional procedures governing presidential assent, legislative authentication, and official gazetting. A prompt, definitive clarification by the relevant authorities is essential. Failure to resolve such discrepancies will inevitably trigger avoidable litigation, weaken compliance morale, and diminish international investor confidence in the entire reform project.

Other critical metrics include the rate of voluntary tax compliance, the expansion of the formal tax base, a net reduction in the volume of formal tax disputes, and a correlated increase in long-term foreign direct investment (FDI).

The 2025 Tax Reform Package has established a promising legal foundation that modernises Nigeria's tax architecture and aligns it with contemporary global standards. However, fiscal transformation is an economic governance project that cannot be delivered by statute alone; it demands sustained political commitment, continuous institutional capacity building, robust technological investment, and absolute clarity regarding the governing legal text. For Nigeria, the primary risk is not legislative inadequacy but implementation failure. Whether these reforms fulfill their transformative potential will ultimately depend on the collective capacity of the government, revenue authorities, practitioners, and the judiciary to translate legislative ambition into consistent, predictable execution.

Overview of the Nigeria tax reform

(i) In 1978, the Federal Military Government inaugurated a Task Force on Tax Administration headed by Alhaji Shehu Musa. The major focus of the Task Force included:[16]

a) the introduction of the Withholding Tax (WHT) regime, and b) the modernisation of the Companies Income Tax regime.

As a fallout from the report of the Task Force, the Companies Income Tax Act of 1961 was repealed in 1979, and a new legislation, called the Companies Income Tax Act, replaced it.

---

[12] Arthur Oforbuike Ezema, "Nigerian Tax Infrastructure, Incentives and Innovations in the Tax Reform Acts 2025: An Appraisal," 2(2) *NAUJPPL* 1–17 (2025), pp. 10–12.

[13] Chartered Institute of Taxation of Nigeria, *Contemporary Issues in Tax Administration under the Nigeria Tax Act 2025* (2026), pp. 18–30.

[14] ibid

[15] Taiwo Oyedele, "Data-Driven Tax Administration and Voluntary Disclosure Programmes under the Tax Reform Bills," Public Lecture Series (2025), pp. 12–19.

[16] Promise A. Ordu and Clement A. Anele, "A Performance Analysis of Nigerian Tax Objectives Actualization: Evidence of 2000–2012," *International Journal of Management Science and Business Administration*, Vol. 1, Issue 6 (2015), pp. 88–100.

(ii) The 1992 Study Groups and Tax Reform. The nation's fiscal space was activated in 1992. Then, the FG inaugurated two study groups:[17]

The Study Group on Nigerian Tax System and Administration, led by Professor Emmanuel Edozien, and the Study Group on Indirect Taxation, led by Dr. Sylvester Ugoh.[18]

Key recommendations of the Study Groups:

1. Establishment of Autonomy of Independent Tax Authorities: The Study Group on Nigerian Tax System and Administration, led by Professor Emmanuel Edozien, recommended the transformation of the Federal Board of Inland Revenue (FBIR) into the Federal Inland Revenue Service (FIRS).[19]
2. Establishment of Sub-national Revenue Agencies: The 1992 reforms recommended the setting up of autonomous revenue services at the state and local government levels to improve tax collection efficiency across all tiers of government.[20]
3. Focus on Indirect Taxation (VAT Implementation): The Study Group on Indirect Taxation, led by Dr. Sylvester Ugoh recommended a significant shift from direct taxation to indirect/consumption taxation. This recommendation led to the introduction of the Value Added Tax (VAT) in 1993, which replaced the old Sales Tax.[21]
4. Amendment of Tax Laws: These reforms initiated a series of amendments to existing laws, including the Companies Income Tax Act (CITA), and laid the groundwork for the 1993 Personal Income Tax Act. [22]

Two major legislations were eventually enacted, namely the Personal Income Tax Decree No. 104 of 1993 and the Value Added Tax Act Decree No. 102 of 1993.

(iii) Due to the proliferation of taxes and levies among the three tiers of government, the Federal Military Government promulgated the Taxes and Levies (Approved List for Collection) Decree No. 21 of 1998, which was subsequently designated as Cap. T2, Laws of the Federation of Nigeria, 2004.

(iv) 2003 Study Group and 2004 Working Group

The report of the Study Group (2003) on the Review of the Nigerian Tax System and the Working Group (2004) on the Nigerian tax system examined the tax system and made appropriate recommendations to the federal government, on ways to entrench a better tax policy and improve tax administration in the country, among the three tiers of government.

(v) There were major amendments of the Companies Income Tax Act, Cap. C21, L.F.N., 2004, in 2007, and the Personal Income Tax Act, Cap. P8, L.F.N., 2004, in 2011.

(vi) In 2012, the Federal Executive Council, under the leadership of President Goodluck Ebele Jonathan, approved for the first time a National Tax Policy.

(vii) In 2017, the Federal Executive Council, under President Mohammadu Buhari, approved a new National Tax Policy from the National Tax Policy Committee, chaired by Prof. Abiola Sanni, SAN. Thereafter, a National Tax Policy Implementation Committee was inaugurated, and it laid out the groundwork for the amendments of the various tax laws through the Finance Acts of 2019, 2020, 2021, 2022 and 2023.

(viii) In 2021, the National Assembly passed, and the President assented to the Petroleum Industry Act after several years of legislative delay.

These were the reforms that preceded the tax reform Acts of 2025.

The new Nigerian taxation landscape which commenced on the 1st day of January, 2026 has witnessed and is still witnessing a huge overhaul and operation in progress. The new tax regime Acts, are basically four and they are as follows:

---

[17] A. M. Kontagora, "Review of Some Major Tax Legislation in Nigeria from 1990–2007," *Journal of Private & Comparative Law*, Vols. 4 & 5 (2011), pp. 168–186.

[18] ibid

[19] ibid

[20] ibid

[21] ibid

[22] ibid

The Nigeria Tax Administration Act, 2025: This Act provides a uniform procedure for a consistent and efficient administration of tax laws across the nation in order to facilitate tax compliance by tax payers and optimize tax revenue: The Act has **148** sections and it is divided into **5** Chapters, with chapter 1 of the Act, divided into two parts focusing on the objective and jurisdiction of tax authorities, registration of taxable persons and issuance of tax Identification numbers among other things; The second chapter of the Act which is divided into three parts has Part 1 focusing on Returns, part 2 focusing on assessment and compliance while part 3 focuses on enforcement; The third chapter of the Act focuses on general and administrative provisions such as endorsement, deployment of technology, Tax Clearance Certificate, establishment of State Internal Revenue Service, functions of the State Service amongst several other things***;*** The fourth Chapter of the Act provides for offences and penalties; while fifth chapter which is the last chapter of the Act provides for miscellaneous provisions such as the power to compound offences and prosecute, place of an offence and settlement of dispute.

The Nigeria Tax Administration Act, 2025 applies to any person required to comply with any provision of the tax laws whether personally or on behalf of another person.[23] The Act provides extensive regulation for the issuance of Tax ID to every taxable person[24] ministries, department and agencies of the Federal, State and Local Governments,[25] made it mandatory for every taxable person in Nigeria to obtain tax ID and further gives the service the power to issue tax ID to persons who ought to apply for Tax ID but refuse to.[26] The Act provides that every taxable person shall provide their tax ID when engaging in banking, stockbroking, insurance and/or other financial services.

The Nigeria Tax Administration Act among other provisions made explicit provisions on the filing of Value Added Tax (VAT) returns and provides that a taxable person is mandated to file its VAT returns on or before the 21st day of the following month. The responsibility to file the return is so sacrosanct that the taxable person is required to file it with or without a notice and whether or not an economic activity has taken place.[27] The Act exempted small business from the obligation to file Value Added Tax returns[28] however, a small business may choose to opt out of the exemption granted. This is done by a written notice to the service.[29]

The Act also mandates taxable persons providing Virtual Asset Service such as crypto exchanges to file return. The return is expected to contain the description of the virtual asset, date of the transaction, the type and value of the virtual asset, the name address, phone number, email address and tax ID and National Identity Number of the customer, and the name, address, phone number and email address of any counterparty. Financial institutions, are also required to report significant transactions as they are to provide quarterly returns on customer data and cumulative inflows or outflows exceeding ₦25 million (for individuals) and ₦100 million (for companies).[30]

The Act provides that tax shall be assessed in the currency of transaction and further provides in the case of return relating to petroleum resources all computation relating to tax shall be in US Dollars.[31]

The Act also established for each state, the State Internal Revenue Service[32] with powers to assess individuals, estates, trusts, communities and families to tax, assess, collect account and enforce payment of taxes as may be due to the State government or any of its agencies, collect, recover and remit to the designated account any tax under the purview of the state to administer, carryout examinations and investigations with the view to enforcing compliance.[33] The Act also established for each State Service a Management Board to be known as State Board saddled with the overall

[23] Sec 2 Nigeria Tax Administration Act
[24] Sec 4, ibid
[25] Sec 5 Ibid
[26] Sec 7 (3) Ibid
[27] Sec 22 NTAA 2025
[28] Sec 22 (4) Ibid
[29] Ibid
[30] Sec 29 NTAA 2025
[31] Sec 39 Ibid
[32] Sec 87 NTAA 2025
[33] Sec 88 Ibid

supervision of the Service.[34] The State Board shall be made up of the Executive Charman of the State Service, directors from within the State Service, a director from the state Ministry of Finance, three other persons appointed by the governor on the merit each representing a senatorial district in the state and a legal adviser who is to serve as the secretary of the Board.[35]

New Reforms under Nigeria Tax Administration Act (NTAA), 2025 Reforms includes the following:

***Introduction of Advance Tax Rulings*:** Tax authorities are now empowered to issue **Advance Tax Rulings** to taxpayers upon application, providing a predictable and binding interpretation of tax laws concerning specific transactions (Section 73).[36]

Taxation of Virtual Asset Service Providers (VASPs): New provisions mandate Virtual Asset Service Providers to file monthly returns, bringing the nascent digital and virtual assets economy under the administrative tax net (Section 25).[37]

***Digitalization of Value Added Tax (Fiscalisation*):** The Act introduces provisions for a Value Added Tax (VAT) Fiscalisation System, which mandates the use of approved electronic devices for real-time reporting of transactions to ensure Value Added Tax compliance (Section 23).[38]

***Stricter Limitation on Audit Period*:** The grounds for a tax authority to investigate a taxpayer beyond the general six-year limitation period are narrowed to cases of deliberate misstatement, providing greater certainty for taxpayers.

Mandatory Disclosure Rules (MDR): Taxpayers are required to disclose certain tax planning arrangements or documents to the NRS without waiting for a request, allowing the authority to monitor aggressive tax schemes.

***Uniform Tax Identification Number (TIN) Use*:** The Act reinforces the mandatory use of a Tax Identification (TIN) as a prerequisite for engaging in specified transactions (e.g., government contracts, opening bank accounts), solidifying the single taxpayer identity (Section 8).[39]

***New Penalties for Tax-Related Offenses*:** Stricter and revised penalties, including fines and imprisonment, are introduced for various offenses such as unauthorized disclosure of taxpayer information and false claims for tax refunds (Sections 120-125).[40]

Information Reporting by Financial Institutions: Banks and other financial institutions are now required to file periodic returns, detailing transactions above specific prescribed monetary thresholds (e.g., NGN25 million for individuals), to aid in tax compliance checks (Section 29).[41]

***Power to Revoke Petroleum/Mining Licenses*:** A robust enforcement mechanism is introduced, allowing the NRS to recommend the revocation of licenses or leases for major default in the payment of royalties and other taxes in the extractive industry (Section 63).[42]

Whistleblower Rewards: (Section 69)[43] The Act explicitly grants the Nigeria Revenue Service the power to pay a reward to persons who provide information that leads to the discovery and recovery of unassessed or under-assessed taxes.

Nigeria Tax Act 2025: This is the cornerstone, which repeals and consolidates major existing tax statutes, including the Companies Income Tax Act, Personal Income Tax Act, Capital Gains Tax Act, the Customs, Excise Tariffs, etc. (Consolidation) Act, the National Lottery Act, the Nigerian Minerals and Mining Act, the Nigeria Start-up Act, the Export (Incentives and Miscellaneous Provisions) Act, the Cybercrime (Prohibition, Prevention, etc.) Act and revoked the Value Added Tax

[34] Sec 89 Ibid
[35] Sec 89 (2) Ibid
[36] Nigeria Tax Administration Act (NTAA), 2025
[37] Nigeria Tax Administration Act (NTAA), 2025
[38] Nigeria Tax Administration Act (NTAA), 2025
[39] Nigeria Tax Administration Act (NTAA), 2025
[40] Joint Revenue Board of Nigeria (Establishment) Act, 2025
[41] Nigeria Tax Administration Act (NTAA), 2025
[42] Nigeria Tax Administration Act (NTAA), 2025
[43] Nigeria Tax Administration Act (NTAA), 2025 Reforms

Act (Modification) Order 2021, to amend the Companies Income Tax (Significant Economic Presence) Order, 2020 and the Petroleum (Drilling and Production) Regulations 1969, under a unified legal framework.

The Nigeria Tax Act contains 203 sections divided into 9 chapters**,** with each chapter divided into parts dealing with different heads of taxation and tax type. For example, chapter one of the Act deals with the objective and application of the Act, while Chapter two which is divided into eleven parts deals with the taxation of persons. Chapter three deals with the taxation of income from petroleum operations and it is divided into five parts with each part focusing on different aspects of the petroleum industry. Chapter four provides for relief for double taxation while chapter Five which is divided into three parts focuses on taxation of dutiable instruments such as stamp duties and chargeable instruments. Chapter Six deals with Value Added Tax while chapter Seven deals with surcharge and chapter Eight deals with tax incentives. Chapter Nine which is the concluding chapter of the Act deals with general provisions.

The Nigeria Tax Act has as its main objective the provision of a unified fiscal legislation governing taxation in Nigeria.[44] To achieve this, the Act made some sweeping changes aimed at streamlining Nigeria's tax system by reducing the number of taxes to a manageable single-digit figure in order to enhance revenue generation, simplify compliance procedures, and also address regional disparities. The Act further eliminated nuisance taxes especially those that generate minimal revenue and now focuses on high-yielding and broad-based taxes that are relatively easy to collect.

The Act provides for the payment of a development levy assessed at 4% and it is imposed on the assessable profits of all companies chargeable to tax with the exception of small companies and non-resident companies.[45]

The Act makes provision for the distribution of the revenue accruing from the levy in the following manner: Tertiary Education Trust Fund — 50%; Nigerian Education Loan – 15%; National Information Technology Development Fund (NITDF)– 8%; National Agency for Science and Engineering Infrastructure (NASEI)– 8%; National Board for Technological Incubation — 4%; Defence and Security Infrastructure Fund – 10%; and National Cybersecurity Fund – 5%.

The New Tax rates: The Act introduced a new tax-exempt threshold of N800,000 as against the previous N300,000 and also increased tax rates for high income earners.[46]

The new tax rates range from 0% to 25% in the following manner: First N800,000 0%**;** Next N2,200,000 15%; Next N9,000,000 18%; Next N13,000,000 21%; Next N25,000,000 23%; Above N50,000,000 25%.[47]

The Act also made very sweeping changes to the Value Added Tax regime in its Chapter Six. The new Value Added Tax (VAT) rate as enshrined in the Act is 7.5%.[48] The remittance of the Value Added Tax (VAT) collected is expected to be remitted to the revenue service on or before the 14th day of the month immediately following the transaction.[49]

The Act also introduced a surcharge of 5% on chargeable fossil fuel products provided or produced in Nigeria.[50] And the collection is to be done at the time of chargeable transaction occurs. The chargeable transaction under the Act is defined to mean the supply, sale or payment for the fossil fuel[51] and the charge is computed based on the retail price of the chargeable fossil fuel.[52] The administration of the surcharge is however not to take effect until the Minister by an Order issued in the official gazette indicate the effective date of commencement of the administration of the surcharge.[53]

---

[44] Sec 1 Nigeria Tax Act 2025
[45] Sec 59 NTA 2025
[46] Sec 58, NTA 2025
[47] Ibid
[48] Sec 148
[49] Sec 155 (4) Ibid
[50] Sec 159 NTA 2025
[51] Sec 160 NTA 2025
[52] Sec 160 (2) NTA 2025
[53] Sec 161 NTA 2025

Chapter eight of the Act deals extensively with the tax incentives such as income tax exemptions.[54]economic development tax incentives,[55] exemption from stamp duties and exemption from VAT.

Other new reforms under the Nigeria Tax Act (NTA), 2025 includes the following:

Introduction of minimum effective tax rate (etr): Section 57:[56] Imposes a 15% minimum Effective Tax Rate (ETR) on companies that are constituent entities of large Multinational Enterprises (MNE) groups or those with a high aggregate turnover (e.g., NGN50 billion or more) to align with OECD BEPS Pillar Two principles.

Higher exemption threshold for small companies: Defines **small companies** as those with annual gross turnovers of NGN100 million or less (an increase from NGN25 million) and total fixed assets not exceeding NGN250 million, exempting them from Companies Income Tax (CIT), Capital Gains Tax (CGT), and the new Development Levy.[57]

Introduction of Development Levy: Section 59(1): Replaces several earmarked taxes (like Tertiary Education Tax, IT Levy, Police Trust Fund Levy) with a unified 4%**.**

Development Levy *on the assessable profits of large and medium companies*: **Increased Capital Gains Tax (CGT) Rate for Companies.** Increases the Capital Gain Tax (CGT) rate from 10% to 30% for companies, aligning it with the standard corporate tax rate and reducing tax arbitrage opportunities.

Taxation of Undistributed Profits (Controlled Foreign Corporation Rules)*:* Section 6(2): Introduces rules to tax the undistributed profits of foreign companies controlled by Nigerian companies, where such profits are deemed distributable, eliminating deferral advantages.

Harmonization of Oil & Gas Taxation*:* Repeals the Petroleum Profits Tax Act (PPTA) and Deep Offshore Inland Basin Production Sharing Contract Act, integrating oil and gas sector-specific rules with the national tax system under the NTA (and Petroleum Industry Act - PIA amendments).

More Progressive Personal Income Tax (PIT) Structure*:* Section 58 & Fourth Schedule: Introduces a tax-exempt threshold of NGN800,000 for individuals and higher tax rates (up to 25%) for high-income earners.

Expansion of Deductible Expenses*:* Section 20(1): Simplifies the test for deductibility by requiring expenses to be wholly and exclusively incurred in the production of income," removing the criteria for reasonably and necessarily incurred.

Introduction of Economic Development Incentive (EDI)*:* Replaces the 'pioneer' tax holiday incentive with an EDI, offering an annual **tax credit (e.g., 5%)** for a period (e.g., 5 years) on qualifying capital expenditure.

Taxation of Indirect Transfer of Shares*:* Introduces Capital Gains Tax (CGT) on the indirect transfers of shares in Nigerian companies, even when the transaction occurs offshore (subject to treaty exceptions)

The Nigeria Revenue Service Act (NRSA), 2025: This Act repealed the Federal Inland Revenue Service (Establishment) Act, No.13, 2007 and enacted the Nigeria Revenue Service Act, 2025 to establish the Nigeria Revenue Service (which is now in force), the new Act will oversee the assessment, collection, and management of federal government revenue, among other responsibilities. The primary reform centers around renaming the Federal Inland Revenue Service (FIRS) to the Nigeria Revenue Service (NRS).

The Act has 43 sections divided into six parts with each part focusing on different items. The objective of the Act is the provision of a legal, institutional and regulatory framework for the

[54] Sec 163 – 165 Ibid

[55] Sec 166 – 184 Ibid

[56] Nigeria Tax Act (NTA), 2025

[57] Aluko & Oyebode, "Overview of the Notable Changes Introduced by the New Nigeria Tax Acts, 2025," Legal Insights, (2025), https://www.aluko-oyebode.com/. (Key changes including taxation of undistributed profits of non-resident companies and taxation of Nigerians working for international organisations).

administration of taxes and revenues accruable to the Government of the Federation[58] and the Act applies throughout the Federal Republic of Nigeria.[59] The Act established the Nigeria Revenue Service and saddled it with the responsibility of assessing persons including corporations, companies, partnerships, enterprises and individuals chargeable with tax; collecting or recovering tax assessed, enforcing payment of taxes and remitting tax collected into designated accounts; accounting for all revenue accruing to the Government.

New Reforms under Nigeria Revenue Service (Establishment) Act, 2025:[60]

Rebranding with Expanded Mandate: Section 3: Establishes the Nigeria Revenue Service (NRS), replacing FIRS, with a mandate to administer and collect all revenue accruable to the Government of the Federation, not just Federal taxes.

Collaboration on Economic Development: Section 4(1)(d): Mandates the Service to review tax regimes in collaboration with relevant Ministries and Agencies to promote the use of taxation to stimulate and grow economic activities.

Power to Investigate Tax Fraud and Evasion: Section 4(1)(e)-(g): Confers explicit powers to carry out examination and investigation exercises and adopt measures to identify, trace, freeze, confiscate or seize proceeds derived from tax fraud or evasion.

Enforcement and Compliance Measures: Section 4(1)(h):[61] Empowers the Service to introduce and maintain investigative and control techniques on the detection and prevention of non-compliance.

Financial Autonomy and Sustainable Funding: Section 22:[62] Provides for the Nigeria Revenue Service to be financed by a percentage (e.g., 4%) of all revenue collected (excluding petroleum royalties), ensuring adequate resources for its mandate, technology, and training.

Assistance to Subnational Governments: Section 5(1):[63] Allows the Nigeria Revenue Service to, upon request, assist any State or Local Government to collect or administer a tax.

Establishment of the Governing Board

Section 6:[64] Establishes a Governing Board for the Service to oversee its functions and ensure policy direction.

Ensuring Accountability and Oversight*:* Section 25:[65] Mandates the Nigeria Revenue Service (NRS) to keep proper records, undergo annual external audits, and submit quarterly and annual reports to the National Assembly.

Digitalization and Technology Deployment*:* Section 4(2)(b):[66] Allows the Service to deploy appropriate technology or digital platforms to automate its tax administration processes.

Personnel Exchange and Capacity Building*:* Section 4(1)(j):[67] Authorizes the Service to undertake exchange of personnel or other experts with complementary agencies for comparative experience or capacity building.

Key compliance requirement for employers: The tax reforms in Nigeria have significant implications for employment and compliance. Here are some key effects Register for electronic filing: Employers must register with the Nigeria Revenue Service (NRS) portal to file taxes electronically; Review employee tax computations: Employers must review employee tax computations to ensure

[58] Sec 1 Nigeria Revenue Service (Establishment) Act 2025
[59] Sec 2 Ibid
[60] Nigeria Revenue Service (Establishment) Act 2025
[61] Nigeria Revenue Service (Establishment) Act, 2025
[62] Nigeria Revenue Service (Establishment) Act, 2025
[63] Nigeria Revenue Service (Establishment) Act, 2025
[64] Nigeria Revenue Service (Establishment) Act, 2025
[65] Nigeria Revenue Service (Establishment) Act, 2025
[66] Nigeria Revenue Service (Establishment) Act, 2025
[67] Nigeria Revenue Service (Establishment) Act, 2025

accurate tax deductions; File Pay-as-you-earn (PAYE) returns: Employers must file a return with the relevant Tax authority for all its employees, not later than 31st January of each year.[68]

Rev 360: Digitalisation of tax payment is introduced by Rev360 for Taxpayers under the Nigeria Revenue Service. This is one of the most innovative features of Nigeria's 2025 Tax Reform Package which adopts a comprehensive digital tax administration framework known as REV360. The platform represents the Nigeria Revenue Service's transition from traditional paper-based tax administration to a fully integrated digital ecosystem. REV360 is designed to serve as a one-stop electronic platform through which taxpayers can register, obtain Tax Identification Numbers (TINs), file tax returns, make tax payments, track assessments, process refunds, obtain Tax Clearance Certificates (TCCs), communicate with tax authorities, and monitor their tax obligations in real time.[69]

The introduction of REV360 aligns with global trends in tax administration and reflects Nigeria's commitment to modernising revenue collection processes. Similar systems have been successfully implemented by tax authorities in countries such as South Africa, Rwanda, Singapore, the United Kingdom, and Australia. Through REV360, the Nigeria Revenue Service seeks to improve efficiency, reduce administrative costs, increase transparency, strengthen compliance, minimise tax evasion, and improve taxpayer experience.

The platform is expected to play a central role in the implementation of the Nigeria Tax statutes of 2025.

REV360 provides taxpayers with several digital services, including:[70] Electronic taxpayer registration and TIN generation; Online filing of tax returns; Electronic payment of taxes and levies; Automated tax assessment and notification systems; Real-time taxpayer account management; Digital issuance of Tax Clearance Certificates; Electronic processing of tax refunds; Integration with banking and financial institutions; Automated compliance monitoring; Data analytics and risk assessment tools; Virtual taxpayer support services; Digital dispute resolution and complaint management mechanisms.

These features are intended to eliminate physical interaction between taxpayers and tax officials while promoting a transparent and efficient tax administration process.

Merits of REV360 for Taxpayers includes the following:[71] Enhanced Ease of Tax Compliance. REV360 significantly simplifies compliance procedures by enabling taxpayers to register, file returns, and pay taxes online without visiting tax offices. This convenience reduces administrative burdens and encourages voluntary compliance.

Reduction in Compliance Costs*:* Businesses and individuals no longer need to incur significant transportation, documentation, and administrative expenses associated with physical filing. Electronic processing reduces operational costs and saves valuable time.

Improved Transparency*:* The platform provides taxpayers with real-time access to their tax records, liabilities, payments, and compliance status. This transparency reduces uncertainty and minimizes disputes regarding tax assessments.

Faster Processing of Tax Services*:* Taxpayer services such as registration, assessment generation, issuance of Tax Clearance Certificates, and refund applications can be processed more quickly through automated systems than under manual procedures.

Reduction in Human Contact and Corruption*:* By limiting direct interaction between taxpayers and tax officials, REV360 reduces opportunities for bribery, extortion, manipulation of records, and other corrupt practices that have historically affected tax administration.

---

[68] Section 14(1) Nigeria Tax Administration Act 2025

[69] Kenneth Erikume, "Nigeria's Tax Reform 2025: Sectoral Analysis," PwC Nigeria Tax Insight Series (2025) 16–20, discussing technology-driven compliance and administrative efficiency.

[70] Seun Adu, "Digital Transformation under the Nigeria Revenue Service Framework," PwC Nigeria Tax Reform Analysis (2025) 11–15.

[71] Clement Ejiofor Okeke, *Nigeria Tax Reforms 2026: Analysis of the Key Changes* (2025) 21–27, discussing digital taxpayer management systems and technology-driven revenue administration.

Improved Record Keeping and Data Management*:* The platform maintains centralized digital records that taxpayers can access at any time. This facilitates easier retrieval of documents, audit preparation, and compliance verification.

Greater Accessibility and Convenience*:* Taxpayers can access the platform twenty-four hours a day from any location with internet connectivity. This flexibility is particularly beneficial for businesses operating across multiple states and jurisdictions.

Enhanced Taxpayer Education*:* REV360 can provide automated guidance, compliance reminders, updates on legislative changes, and educational resources that improve taxpayer awareness and understanding of tax obligations.

Efficient Tax Refund Administration*:* The platform allows taxpayers to track refund applications electronically, thereby reducing delays and increasing accountability in the refund process.

Strengthened Data Accuracy*:* Automated validation systems help reduce errors associated with manual calculations, data entry mistakes, and incomplete filings, thereby improving the quality of tax administration.

Better Integration with Financial Institutions*:* The integration of REV360 with banks and payment service providers facilitates seamless tax payments and real-time confirmation of transactions.

Improved Revenue Collection*:* Through automated compliance monitoring and data matching, the platform assists tax authorities in identifying non-compliance and expanding the tax base, thereby increasing government revenue.

Demerits and Challenges of REV360

Despite its numerous advantages, REV360 presents several challenges that may affect its effectiveness as follows:[72]

Digital Divide and Limited Internet Access*:* Many taxpayers, particularly those in rural communities, lack reliable internet access and digital infrastructure. This may limit their ability to utilize the platform effectively.

Low Digital Literacy Levels*:* A significant portion of Nigeria's informal sector lacks the technological skills required to navigate sophisticated digital tax systems. This could result in exclusion and reduced compliance.

Cybersecurity Risks*:* As a digital platform handling sensitive taxpayer information, REV360 is vulnerable to cyberattacks, hacking, data breaches, ransomware attacks, and unauthorized access.

Data Privacy Concerns*:* The extensive collection and storage of taxpayer information raise concerns regarding privacy, confidentiality, and compliance with Nigeria's data protection laws.

System Downtime and Technical Failures*:* Technical glitches, server failures, network interruptions, and software malfunctions may prevent taxpayers from meeting statutory deadlines and accessing essential services.

High Implementation and Maintenance Costs*:* The establishment and continuous upgrading of a sophisticated digital tax administration platform require substantial financial investment, technological infrastructure, and skilled personnel.

Resistance to Change*:* Some taxpayers and tax officials may resist transitioning from traditional methods to digital systems due to familiarity with existing processes or fear of increased transparency.

Dependence on Electricity Supply*:* Nigeria's persistent electricity challenges may affect taxpayers' ability to access the platform and may disrupt system operations.

Risk of Automated Errors*:* While automation reduces human error, incorrect programming, software defects, or inaccurate data inputs can generate erroneous assessments and compliance notices.

---

[72] Patrick Edet Akinninyi, "Digital Revenue Governance and Subnational Fiscal Autonomy in Nigeria: Insights from the 2025 Tax Reform Framework," 9(8) *Iconic Research and Engineering Journals* (2026) 1159–1163.

Exclusion of Informal Sector Participants*:* Many small-scale traders, artisans, and micro-business operators may struggle to comply with digital requirements due to limited access to technology and formal financial systems.

Interoperability Challenges*:* The success of REV360 depends on seamless integration with federal, state, and local government systems. Poor interoperability may create duplication, inconsistencies, and administrative bottlenecks.

Increased Government Surveillance Concerns*:* The platform's ability to monitor financial transactions and taxpayer activities may raise concerns regarding excessive government oversight and potential abuse of taxpayer information.

The future of REV360 is closely tied to advancements in artificial intelligence, machine learning, blockchain technology, big data analytics, and digital identity management systems. As the platform evolves, it is expected to facilitate real-time tax assessments, predictive compliance monitoring, automated audits, fraud detection, and integrated taxpayer services across all levels of government.[73]

Artificial intelligence may enable the Nigeria Revenue Service to identify compliance risks, detect tax evasion patterns, and provide personalized taxpayer assistance. Blockchain technology could further enhance transparency and security by creating immutable transaction records. Integration with national identity databases, banking systems, and business registration platforms may also improve taxpayer identification and compliance monitoring.

In conclusion, REV360 represents a transformative shift in Nigeria's tax administration system and constitutes one of the most significant innovations introduced under the 2025 Tax Reform Package. The platform has the potential to enhance efficiency, transparency, accountability, and voluntary compliance while reducing administrative costs and improving taxpayer experience. Nevertheless, the successful implementation of REV360 will depend on addressing challenges relating to digital literacy, infrastructure deficits, cybersecurity, privacy protection, and institutional capacity. If properly managed, REV360 could become the cornerstone of a modern, technology-driven tax administration system capable of supporting Nigeria's broader fiscal and economic development objectives.

The Joint Revenue Board of Nigeria (Establishment) Act (JRBA), 2025**:** This Act aims to create the Joint Revenue Board, the Tax Appeal Tribunal, and the Office of the Tax Ombudsman. These institutions are designed to harmonize, coordinate, and resolve disputes in revenue administration across Nigeria. JRBA is made up of 61 sections divided into seven parts; Part One has as its objectives, provision of a legal and institutional framework for the harmonization and coordination of revenue administration in Nigeria, provision of a mechanism for efficient dispute resolution and promotion of the rights of the taxpayer.

Part two of the Act established the Joint Revenue Board: Part three provides for the management and welfare of the staff members, pension, staff regulations; part four gives room for financial provisions; fund of the board, expenditure of the board, accounts and audit, annual report, power to accept gifts, power to borrow, tax exemptions, accountability; part five established the Tax Appeal Tribunal while part six established the office of the Tax Ombud. The Joint revenue Board established under the Act serves as a coordinating body for revenue authorities at federal, state, and local levels, promoting cooperation and data sharing and consist of representatives from the Nigeria Revenue Service, States Internal Revenue Service, and other relevant bodies. The Act in respect of the Tax Appeal Tribunal, expanded the jurisdiction to cover disputes arising from both federal and state tax laws. This provision broadens the Tribunal's scope and aims to provide a consistent, centralised avenue for the adjudication of tax disputes across Nigeria as against the fragmentation of tax tribunal as currently being touted by some states.

[73] Arthur Oforbuike Ezema, "Nigerian Tax Infrastructure, Incentives and Innovations in the Tax Reform Acts 2025: An Appraisal," 2(2) *NAUJPPL* (2025) 9–13

The TAT now has its own financial autonomy and defends its budget before the National Assembly. It no longer relies on the FIRS for handouts as that was a major reason for people to suspect bias in its implementation of laws and policies.[74]

The new innovation by the Act, the Office of the Tax Ombud, is responsible for the investigating and resolving complaints by taxpayers regarding the actions of tax authorities.

New Reforms under Joint Revenue Board of Nigeria (Establishment) Act, 2025 includes the following:

***Establishment of the Joint Revenue Board (JRB)*:** The Joint Tax Board is replaced by the **Joint Revenue Board (JRB)**, which has an expanded mandate to harmonize and coordinate all aspects of revenue administration across the three tiers of government (Section 3).[75]

***Creation of the Office of the Tax Ombud (OTO)*:** A new independent body, the **Office of the Tax Ombud**, is established to handle taxpayer grievances, investigate maladministration, and ensure fair treatment by tax authorities (Section 43).[76]

***Restructuring of the Tax Appeal Tribunal (TAT)*:** The Tax Appeal Tribunal is re-established with a restructured framework to serve as a specialized, first-level adjudicatory body for tax disputes, ensuring faster resolution (Section 31).[77]

***Management of Unified TIN Registry*:** The Joint Revenue Board is mandated to integrate and manage a **unified Taxpayer Identification Number (TIN) registry** to streamline taxpayer identification and compliance across the Federation (Section 5(1)(d).[78]

***Inter-Jurisdictional Dispute Resolution*:** The Board is explicitly empowered to resolve jurisdictional disputes between tax authorities concerning matters such as residency and the allocation of taxes like Value Added Tax and Personal Income Tax (Section 5(1)(e).[79]

Fiscal Transparency Mandate: The Joint Revenue Board is tasked with publishing tax-related data, including details on revenue collections and government tax expenditures (waivers, exemptions), thereby promoting fiscal transparency (Section 5(1)(h).[80]

Advisory Role on Policy: The Board has a primary function of advising governments at all levels on double taxation matters and recommending effective tax reforms and fiscal policies.

***Harmonization of Revenue Codes*:** The Joint Revenue Board is responsible for developing and recommending harmonized revenue codes and practices to eliminate duplication and enhance administrative efficiency across states.

Audit of Tax Authorities: The Board is empowered to conduct or cause to be conducted audits of the tax administration systems of the Federal, States, and Local Governments.

***Transfer of Assets and Liabilities*:** The Act ensures a seamless transition by transferring all assets, rights, and liabilities of the defunct Joint Tax Board to the newly established Joint Revenue Board (Section 59).[81]

Benefits of the new tax reform

As earlier noted, the new tax regime which commenced on 1st day of January, (2026) as a result of the tax reforms have not only changed the Nigerian tax jurisprudence as a whole, but have also imparted on the legal and institutional framework of the Nigerian tax system. Be that as it may, the reform has brought about a number of benefits to the Nigerian tax space. Some of the benefits include - simplified Tax Compliance: A single online portal for tax registration, filing, and payment; Reduced

[74] ibid
[75] Joint Revenue Board of Nigeria (Establishment) Act, 2025
[76] Joint Revenue Board of Nigeria (Establishment) Act, 2025
[77] Joint Revenue Board of Nigeria (Establishment) Act, 2025
[78] Joint Revenue Board of Nigeria (Establishment) Act, 2025
[79] Joint Revenue Board of Nigeria (Establishment) Act, 2025
[80] Joint Revenue Board of Nigeria (Establishment) Act, 2025
[81] Joint Revenue Board of Nigeria (Establishment) Act, 2025

Tax Burden**:** Exemptions for low-income earners and small businesses; Increased Transparency**:** Digital tax filing and automated processes reduce errors and increase transparency; Simplification**:** Consolidating laws to eliminate overlap, ambiguity, and reduce the total number of taxes; Harmonisation**:** Addressing regional disparities in tax administration. The Nigeria Tax Administration Act and the Joint Revenue Establishment Act promote collaborative efforts between federal and state tax agencies thereby minimizing duplication, reducing tax conflicts, and improving enforcement consistency; Revenue Generation**:** Expanding the tax net, especially in the digital economy, and reducing "nuisance taxes" (low-yield, high-cost taxes); Equity**:** Ensuring low-income earners receive relief and high-income/large businesses pay a fairer share; [82] Promotion of Taxpayer Rights: With the office of the Tax Ombud in place, taxpayers will have a formal mechanism to report abuse, seek redress, and advocate for fair treatment, encouraging trust and cooperation in the tax system; Simplified Tax Compliance: A single online portal for tax registration, filing, and payment; Reduced Tax Burden: Exemptions for low-income earners and small businesses; Increased Transparency: Digital tax filing and automated processes reduce errors and increase transparency; Potential for Increased Revenue: Streamlining tax administration and improving compliance are critical steps toward expanding Nigeria's tax base and raising sustainable government revenue for public services; Efficient Dispute Resolution: The establishment and expansion of the jurisdiction of the Tax Appeal Tribunal and the creation of the Office of the Tax Ombud signals a proactive approach to the efficient and effective resolution of tax dispute resolution under the tax regime. Having a responsive and fair dispute resolution ecosystem as being heralded by this innovation will further boost investor confidence in Nigeria; Improved Tax Compliance: A transparent, coordinated, and rights-focused system is more likely to promote voluntary compliance. When taxpayers feel heard and protected, they are more willing to meet their tax obligations.

Benefits for Taxpayers and Businesses

Enhanced Ease of Compliance and Reduced Litigation: Consolidation of laws into the Nigeria Tax Act provides a clearer, unified view of tax obligations; The establishment of the Office of the Tax Ombud (OTO) provides an independent, impartial, and quicker channel for resolving tax disputes and complaints, promoting confidence and voluntary compliance; The four Tax Reform Acts of 2025 introduced numerous significant changes to Nigeria's fiscal landscape as follows:[83]

Pitfalls of the new tax regime

Some of the pitfalls of the new Tax Regime may include but not limited to the underlisted:

Extension for VAT filing but not payment deadline: Where the tax authority grants an extension for filing Value Added Tax returns, such an extension does not also extend the time for payment of the tax due.[84] Under the previous FIRS, Tax-Pro Max provided a framework, where taxpayers filing VAT returns must first complete the return to generate a Payment Reference Number (PRN) a mandatory step before payment can be made. As such, an extension of the filing deadline inherently delays the ability to pay, making it impractical to separate the deadlines for filing and payment in such cases. Now under the current Nigeria Revenue Service (NRS) REV360 replaces the Tax pro max as a new digital tax-administration and taxpayer self-service platform. It officially went live on 30 April 2026, replacing the legacy Tax-Pro Max platform through a phased migration. The NRS subsequently launched the platform publicly as part of its transition to Tax Administration.

How taxpayers file VAT on REV360: The taxpayer logs in through the NRS Single Sign-On system. Existing TaxPro Max taxpayers can use their migrated credentials, while taxpayers who have been onboarded to REV360 can use their REV360 credentials. The official portal confirms that both migration from TaxPro Max and REV360 credentials are supported.

---

[82] ibid

[83] Section 22(2) Nigerian Tax Administration Act 2025

[84] ibid

After logging in, the taxpayer goes to self-tax Filing and then selects Taxes Due. The taxpayer should locate the applicable VAT liability and select File Now. REV360 then directs the taxpayer to the VAT filing template. The taxpayer downloads the Excel template and opens it. The instructions in the template should be read carefully before entering any transaction data. The VAT return form itself is generated from the information entered into the relevant transaction sheets rather than being manually completed.

Increased Pressure on Taxpayers: While the aim is to expand the tax base, some individuals and businesses, particularly those in the informal sector, may resist being included in the formal tax system. The imposition of new taxes on previously untaxed entities could cause some to evade taxes or operate in the informal economy, potentially undermining the goals of the Act.

Risk of Bureaucratic Overreach: The centralisation of tax administration could increase the level of control and power vested in the new tax agency. Without proper checks and balances, there is a risk of bureaucratic overreach, which could lead to inefficiencies or exploitation of power.

Operational Costs for Businesses: While the move to digital tax administration has long-term benefits, businesses may face initial challenges in terms of adopting the new system. Smaller businesses may struggle with the costs of setting up the necessary technology or lack digital literacy, thereby complicating compliance.

***Valuation of Digital Assets*:** Taxing digital and virtual assets presents a substantial challenge for tax authorities regarding the correct valuation and efficient enforcement in a nascent and rapidly evolving space.

Clarity on New Levies: While the 4% Development Levy consolidates existing levies, businesses require clear, detailed guidelines to ensure it is correctly calculated and that all consolidated levies are truly repealed to avoid double taxation.[85]

***Risk of Investor Hesitation*:** The significant increase in the Capital Gain Tax (CGT) rate and the new rules on indirect transfers could be perceived negatively by foreign investors, who may view it as an erosion of investment incentives.

Penalty for non-compliance under the Nigeria Tax Administration Act 2025

***Failure to Register*:** A taxable person who fails or refuses to register for tax shall be liable to pay an administrative penalty of:
(a) ₦50,000 in the first month in which the failure occurs; and (b) ₦25,000 for each subsequent month in which the failure continues.

Failure to file Returns: A taxable person who fails or refuses to file returns or knowingly files incomplete or inaccurate returns to the relevant tax authority, shall be liable to pay an administrative penalty of (a) ₦100,000 in the first month in which the failure occurs; and (b) ₦50,000 for each subsequent month in which the failure continues.

Failure to deduct tax: A person who has an obligation to collect, deduct or withhold tax under the relevant tax laws, and fails to collect, deduct or withhold the tax due is liable to an administrative penalty of 40% of the amount not deducted.

General Penalty: Any person who contravenes any provisions or commits an offence against this Act for which no specific penalty is provided, is liable (a) to an administrative penalty of ₦1,000,000; or (b) on conviction, to imprisonment for a term not exceeding three years or to a fine or to both.

Summary of Changes under the Nigeria Tax Act – (including) Changes Impacting Pay-As-You-Earn (PAYE) - No more Consolidated Relief Allowance; Rent relief now granted at lower of 20% of rent paid and up to a maximum of ₦500,000;[86] Limitation of Benefits in Kind on employer housing; Gratuity payments clearly exempted from Tax; Tax on employment income based on

[85] Andersen in Nigeria, "Potential Impact of the New Tax Bill on Small and Medium Enterprises," Tax Advisory, (2025), (Pitfall: Removal of Initial Allowance on capital expenditure, leading to higher initial tax liabilities for capital-intensive businesses).

[86] Section 30(1) (vi) Nigeria Tax Act 2025

residence; Expanded tax scope – Honorarium, digital asset now taxable; Updated exempted income categories.

Other Key Changes:

***Deductible Expenses*:** Expenses and assets with unpaid or uncharged VAT or import duties will no longer be tax-deductible or qualify as capital expenditure. We must strengthen compliance to ensure proper VAT is charged and import duties are paid.

***Economic Development Incentive*:** The Nigeria Tax Act repeals the Industrial Development Act and replaces the Pioneer Status Incentive (PSI) with the Economic Development Incentive (EDI). Under the EDI, eligible businesses receive a 5% Economic Development Tax Credit (EDTC) on qualifying capital expenditures during a 5-year priority period, which can be used to offset taxes during that period and for 5 additional years.

***Revision of Small Companies*:** The medium company category has been removed. A small company is now defined as one with an annual turnover of less than ₦100 million and fixed assets below ₦250 million.[87]

***Controlled Foreign Company Rules*:** Undistributed profits of foreign subsidiaries of Nigerian companies are now liable to tax. Any foreign business unit that reports taxable profits, irrespective of whether such profits are distributed or retained, remains liable to corporate tax.

Increased Capital Gains Tax (CGT) rate: Gains shall be chargeable to tax in accordance with the provisions of this act - Increase is from 10% to 30%.

***5% Surcharge on fossil fuel*:** The new tax law imposes a 5% surcharge on chargeable fossil fuel products produced or provided in Nigeria. Exemption for clean energy sources.[88]

***Tax, Royalty and Surcharge Returns*:**[89] There is a requirement for midstream liquified natural gas companies and upstream petroleum companies to file monthly estimated Income tax returns in addition to the usual annual returns. Annual Income Tax Returns for Upstream Petroleum Operations will now be filed within five months from end of each accounting year. License/Lessee to file monthly and annual royalty returns to Nigeria Revenue Service on or before the 14th of each month (for the preceding month) and within five months from the end of the accounting period. Surcharge returns are required to be filed on or before the 21st day of the following month.

Collaboration Areas & Ownership

Employer Obligations: Apply correct Pay-as-you-earn (PAYE) rates, reliefs, and update payroll tax logic templates. Deduct and remit PAYE monthly to relevant tax authority.[90]

***Employee Responsibilities*:** Ensure compliance with new tax regulations. Ensure TIN is used for all employment income. Verify deductions and reliefs (pension, rent, insurance). Keep evidence of rent, pension, and insurance expenses. Our Proposal/Collaboration Mechanism: Maintain accurate employee records and tax IDs, Implement payroll updates.

***Rent Relief*:** Individuals can claim 20% of their annual rent as relief, to a maximum of ₦500,000 whichever is lower, provided that the individual accurately declares the actual amount of rent paid and other relevant information as may be prescribed by the relevant tax authority.[91]

***Eligibility*:** This relief is only available to tenants, not homeowners.

***Calculation*:** For example, if your annual rent is ₦1.5 million, your rent relief would be ₦300,000 (20% of ₦1.5 million). If your rent is ₦3 million, your relief would be capped at ₦500,000.[92]

---

[87] Section 56 Nigeria Tax Act 2025
[88] Section 160
[89] Section 106 Nigeria Tax Act, 2025
[90] Section 14 Nigeria Tax Administration Act, 2025
[91] Section 30(1) (vi) Nigeria Tax Act 2025
[92] MM Kirfi, AA Aliyu, O Solomon – Kashere; "Nigeria's Tax Reforms and the Quest for Economic Stability: A Conceptual Narration" Journal of Fukashere, 2025 - journals.fukashere.edu.ng

Conclusion

The New Tax Reforms in Nigeria; is a bold and necessary step towards a modern, simplified, and efficient tax system. It offers tangible benefits, particularly for Small and Medium Sized Enterprises (SMEs) and low-income earners, while significantly strengthening the tax net for large domestic and multinational entities.[93] Overall, the tax reforms in Nigeria aim to simplify compliance, reduce the tax burden on low-income earners and small businesses, and increase revenue generation. While there may be challenges, the reforms also present opportunities for economic growth and development.

Nigeria's tax reform represents a transformative effort to modernize the country's fiscal framework and improve revenue administration. The enactment of the four tax reform statutes marks only the beginning of the reform process. The true measure of success lies in effective implementation.

The transition from legislation to implementation requires strong institutions, technological innovation, stakeholder cooperation, adequate funding, and sustained political will. While significant challenges remain, the reforms provide a solid foundation for enhancing tax compliance, increasing government revenue, promoting transparency, and fostering economic growth.

If properly implemented, Nigeria's tax reforms have the potential to reshape the nation's fiscal landscape and contribute significantly to sustainable national development. The focus must therefore shift from legislative accomplishment to implementation excellence, ensuring that the objectives of the reforms translate into tangible benefits for government, businesses, and citizens alike.

[93] PwC, "Nigerian Tax Reforms, 2025: Sectoral Analysis," (2025), (Key change: Introduction of "force of attraction" rules to expand the tax base of non-resident companies with a Permanent Establishment in Nigeria).