

Litigation Trends and Developments

A Forward-Looking Report on
Nigeria's Evolving Legal Landscape

20
26

Prepared For

Legal Practitioners &
Corporate Counsel



Global influence and local reform are converging to reshape Nigeria's legal landscape. As the system modernizes, new technologies and sweeping regulatory overhauls are redefining the nature of disputes reaching the courts.



Tax Reform

A major overhaul of the fiscal framework via the **Nigerian Tax Act 2025**. Expected to trigger a wave of corporate and constitutional litigation as businesses grapple with new compliance structures.

High Impact →



AI & Technology

The rise of **Generative AI** challenges legal professionals on efficiency, reliability, and ethics. Courts will face new questions regarding automated drafting and professional standards.

Emerging Risk →



Data Protection

Enforcement of the **NDPA 2023** and the 2025 GAID guidelines turns privacy into a significant litigation driver. Expect disputes over cross-border transfers and compliance penalties.

Regulatory Focus →



Competition & Consumer

FCCPC's expanding role, validated by Federal High Court decisions, signals broader enforcement. Digital lending (DEON) and consumer rights will be new frontiers for disputes.

Enforcement Surge →



Key Projection 2026

"Considered together, these developments reflect a system that is rapidly modernising. The combination of fiscal restructuring and regulatory enforcement is expected to trigger a significant surge in high-stakes litigation."

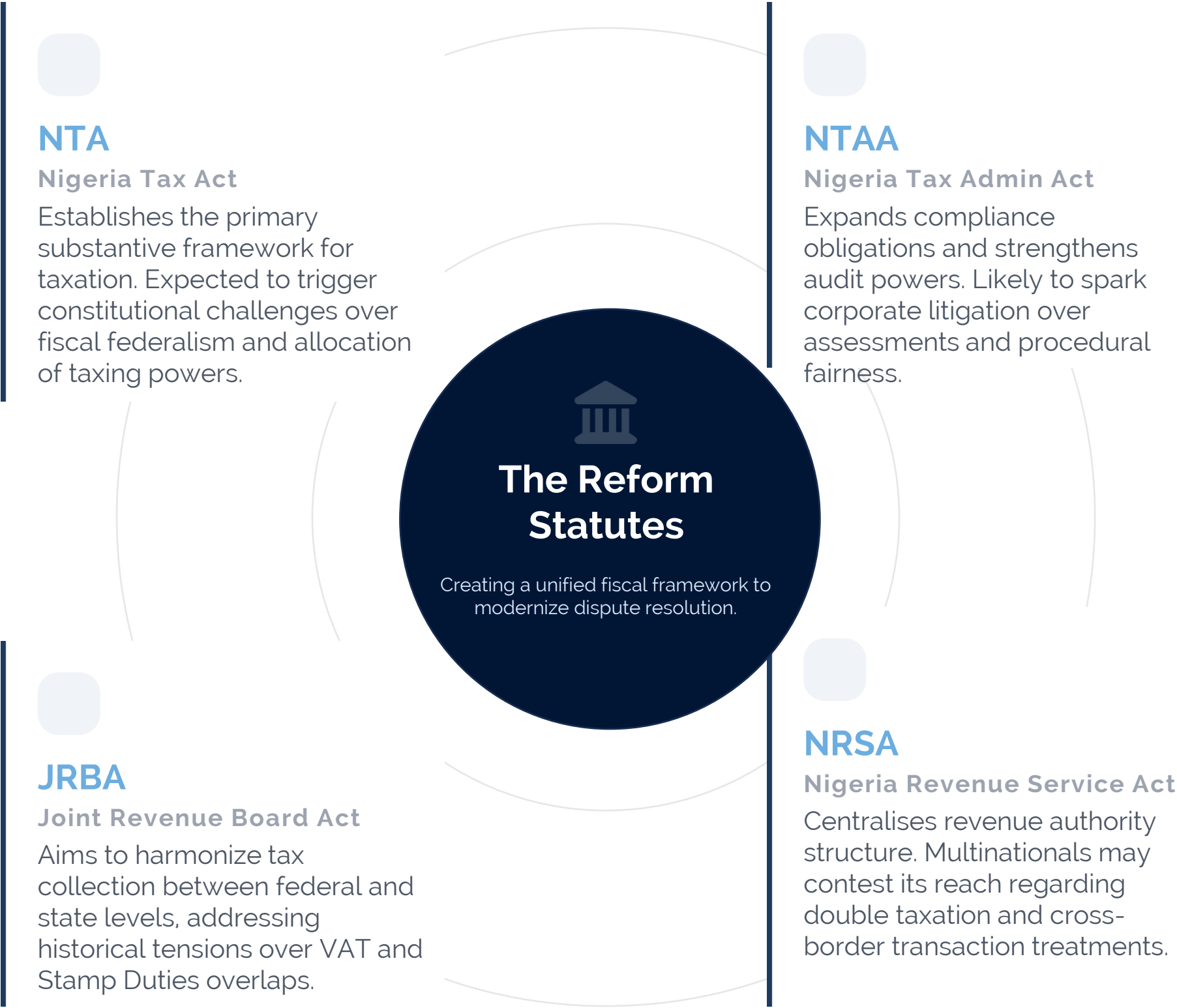
2026 Outlook

A timeline of pivotal regulatory milestones shaping the legal environment. The convergence of recent enactments sets the stage for the 2026 landscape.



Tax Reform: *Overview*

The most significant development shaping the 2026 landscape is the overhaul of the tax framework. Four major statutes signed on June 26, 2025, represent an ambitious attempt at harmonization.



Tax Disputes:

Constitutional Challenges

The new tax laws attempt to resolve historical overlaps but have inadvertently created new fronts for constitutional challenges. Expect fierce legal battles testing the balance of Nigeria's federalism.

The Core Tension: Federal vs. State Powers

Disputes are expected to escalate over the constitutional allocation of taxing powers. While reforms aim for harmonization, state governments are likely to contend that specific provisions of the Nigeria Tax Act erode their fiscal autonomy guaranteed under the Constitution.



Fiscal Autonomy & Jurisdiction

State Governments vs. Federal Authority:

States may challenge the federal government's attempt to centralize collection or regulate taxes that have traditionally been within the state's purview.

Key Dispute Grounds

Erosion of state fiscal powers under the 1999 Constitution

Validity of centralizing collection agencies

Interpretation of the Exclusive vs. Concurrent Legislative Lists



VAT & Stamp Duties Tensions

Historical Overlaps: The tension over Value-Added Tax (VAT) and Stamp Duties remains a flashpoint. The new laws attempt to clarify these, but ambiguity persists.

Projected Litigation Scenarios

Businesses facing conflicting tax demands from both Federal (FIRS) and State Internal Revenue Services

Challenges to the legality of VAT collection by the Federal Government in light of recent precedents

Disputes over the definition of "goods and services" for taxing purposes



Judicial Outlook

"These questions are expected to inevitably reach the appellate courts, testing once again the balance of Nigeria's federalism. The Supreme Court's interpretation will define the fiscal boundaries for the next decade."

Tax Disputes II:

Corporate & Administrative

Beyond constitutional issues, the new framework will trigger intense litigation from large corporations and introduce a new administrative law frontier via the Tax Ombudsman.

The High-Stakes Battleground

Large corporations, particularly in oil, gas, and telecommunications, are expected to challenge assessments under the NTAA's expanded compliance obligations. Simultaneously, the Tax Ombudsman creates a new layer of review that will inevitably face judicial scrutiny.



Corporate Tax Litigation

Multinational & Corporate Challenges:

The NTAA strengthens audit powers and the NRSA centralizes authority, creating friction with multinationals wary of double taxation and aggressive assessments.

Key Dispute Areas

High-value disputes over new tax assessments and transfer pricing methodologies

Interpretation of cross-border transaction treatments

Reconciling new statutes with existing bilateral/multilateral tax treaties



The Tax Ombudsman

New Administrative Frontier: Designed to resolve complaints before court, this new body introduces a novel avenue for judicial review. Dissatisfaction with determinations will drive litigation.

Projected Administrative Challenges

Judicial review of Ombudsman determinations on grounds of bias

Challenges based on "excess of jurisdiction" or ultra vires acts

Denial of fair hearing claims during Ombudsman proceedings



Strategic Forecast

"For businesses, 2026 is expected to be a year of increased fiscal risk. The courts will be asked not only to interpret the letter of the new statutes but to reconcile them with Nigeria's international obligations."



— Regulatory Dimension

Competition & Consumer Protection

The FCCPC's expanding role, the new DEON regulation, and a projected surge in enforcement actions define the next frontier of regulatory litigation.

Regulatory Authority: *The Expansion*

A watershed moment in 2025 has validated the FCCPC's expansive approach, setting the stage for a broader jurisdictional reach and inevitable friction with sector-specific regulators.



FCCPC

Federal Competition & Consumer Protection Commission

Established as Nigeria's most active and assertive regulator, increasingly testing the limits of its statutory authority in enforcement and litigation.



2025
Decision

📌 Federal High Court Ruling

The Holding: Validated FCCPC's regulatory authority over competition and consumer protection in the **Telecommunications Sector**.

"A watershed moment validating the Commission's expansive approach."

↗️ Projected Expansion

The ruling sets the precedent for FCCPC to extend its regulatory reach into other key economic sectors:



Financial Services



Digital Markets



Energy & Power

⚠️ Jurisdictional Friction

This expansion will not go unchallenged. Sector-specific regulators are expected to claim overlapping jurisdiction.



CBN
Banking



NERC
Energy

"Companies and industry associations are likely to test the limits of the FCCPC's mandate in court."

Consumer Protection:

The Enforcement Wave

The new Lending Regulation and ongoing scrutiny of digital markets are expected to trigger a surge in enforcement actions and complex consumer disputes.

DEON Regulation 2025 Key Framework

The Digital, Electronic, Online, or Non-Traditional (DEON) Consumer Lending Regulation imposes four critical compliance pillars that will serve as the primary grounds for enforcement:



Licensing & Authorization

Mandatory registration for all digital lenders to curb illegal operators.



Disclosure Standards

Transparent communication of terms, preventing hidden fees and charges.



Interest Calculation

Standardized methods to prevent predatory pricing and usurious rates.



Debt Recovery Practices

Prohibition of harassment, defamation, and unethical collection tactics.

The Litigation Frontier



Lenders' Challenges

Digital platforms and microfinance institutions are expected to litigate to:

- ✗ Challenge FCCPC sanctions and fines
- ✗ Dispute the Commission's interpretation of "fair" obligations



Borrowers' Claims

Consumers will leverage the Regulation to bring claims regarding:

- ✓ Unfair contract terms & hidden charges
- ✓ Privacy violations from aggressive recovery (e.g., contacting contacts)

Digital Market Scrutiny

Precedent Case

FCCPC v Meta Saga

Highlighted the collision between global tech practices and domestic protection standards. Focused on coercive privacy updates and unequal treatment of Nigerian users.

Key Driver for 2026

Emerging Dispute Areas:



Unauthorized Cross-border Data Transfers



Algorithm-driven Discrimination



Opaque Contract Terms in E-commerce



Trend: Rise in Collective Consumer Actions

AI in Litigation: *The Three Pillars*

Artificial intelligence has evolved from a theoretical concept to a practical reality. By 2026, adoption is expected to be most evident across three key functional areas.



Drafting

Generative tools are increasingly used to prepare pleadings, motions, and court documents, shifting focus from creation to editing and oversight.

Key Platforms

-  LawPavilionGPT
-  Harvey AI
-  CoCounsel

"Not to replace human work, but to augment it."



Case Automation

Reshaping day-to-day mechanics through digital court diary systems and practice management platforms to reduce adjournments and improve efficiency.

Implementation

-  E-filing (Lagos, Abuja, Rivers)
-  Digital Cause Lists
-  Automated Scheduling



Legal Research

The most visible application, utilizing AI-assisted platforms to identify authorities quickly, track legal principles, and compare local jurisprudence with international standards.

Leading Tools

- LawPavilion Primsol
- Case Radar Lexis+ AI
- Westlaw Precision

"Expected to become a mainstream feature by 2026."



Adoption Trends

While adoption has been cautious due to cost and reliability concerns, awareness is spreading rapidly among younger practitioners.

2026

Tipping Point

AI in Litigation: *Ethics & Risks*

As adoption grows, the profession faces critical challenges. The reliability of generative tools and their compatibility with ethical obligations remain central questions.



The "Hallucination" Risk

Generative AI can generate persuasive text but cannot guarantee accuracy. The lesson for 2026 is that AI output requires rigorous verification.

Global Warning Signal

"In the United States, lawyers have already been sanctioned for filing processes that cited made-up cases and authorities created by AI tools. Nigerian courts will inevitably confront similar controversies."

Ethical Considerations



Client Confidentiality

How should sensitive client data be protected when uploaded to third-party generative systems? The risk of data leakage poses a direct threat to privilege.



Disclosure Obligations

Should counsel disclose when a filing has been prepared with AI assistance? Transparency with the court and the client is becoming a key ethical debate.



Duty of Diligence

What level of oversight is required? Relying on unverified AI output can amount to a breach of professional competence and the duty of diligence.



Trustworthiness of Process

The broader question goes to the heart of the judicial process: ensuring that automation does not erode the integrity of legal arguments.

Regulatory Framework

NBA Guidelines

2024

The Nigerian Bar Association has taken an early step by issuing Guidelines emphasizing that technology should **only support, and never replace**, professional judgment.

✓ Human Oversight ✓ Accuracy ✓ Transparency

Global Regulatory Context:

A Comparison

Comparative developments abroad are instructive. Nigerian regulators and the judiciary are moving to align local frameworks with international best practices.

 Nigeria Key Framework NBA Guidelines 2024 National AI Strategy (In Dev) Primary Focus Emphasizes that technology should only support, never replace, professional judgment. Focus on accuracy and transparency. Status Guidelines Issued	 European Union Key Framework EU AI Act Adopted Late 2024 Primary Focus Imposes strict obligations on high-risk systems, including justice systems. Strong emphasis on human oversight and clear accountability lines. Status Enacted Legislation	 United States Key Framework Bar Association Ethics State-level Guidance Primary Focus Reminds lawyers that relying on unverified AI output can breach professional competence and candour. Focus on ethical duties. Status Practice Guidance
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Future Outlook

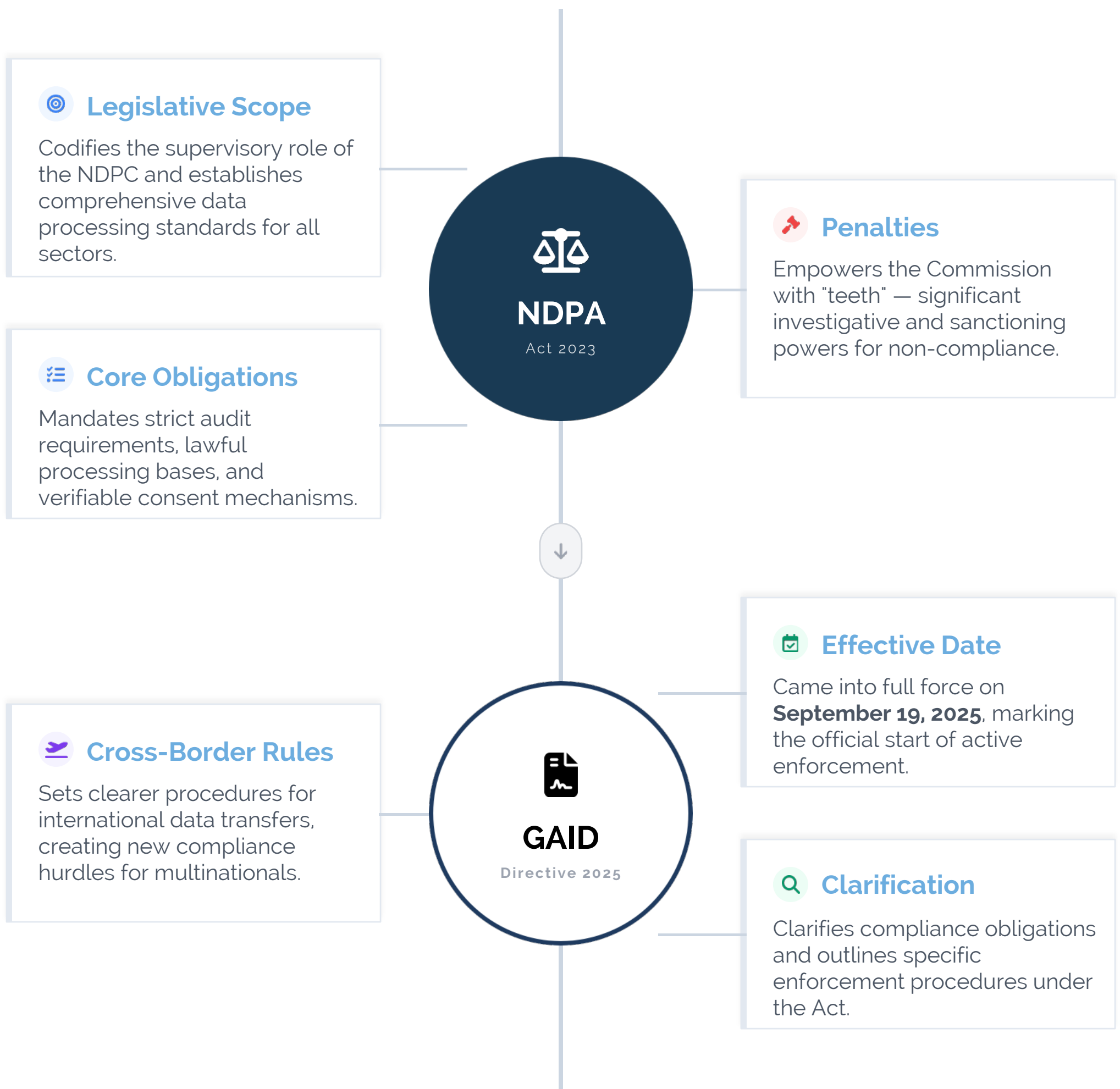


Regulatory Convergence

"These global currents will inevitably influence Nigerian regulators to develop a local framework that reflects international best practices. The challenge is not *whether* AI will be used, but *how* its use will be regulated."

Data Protection: *The Framework*

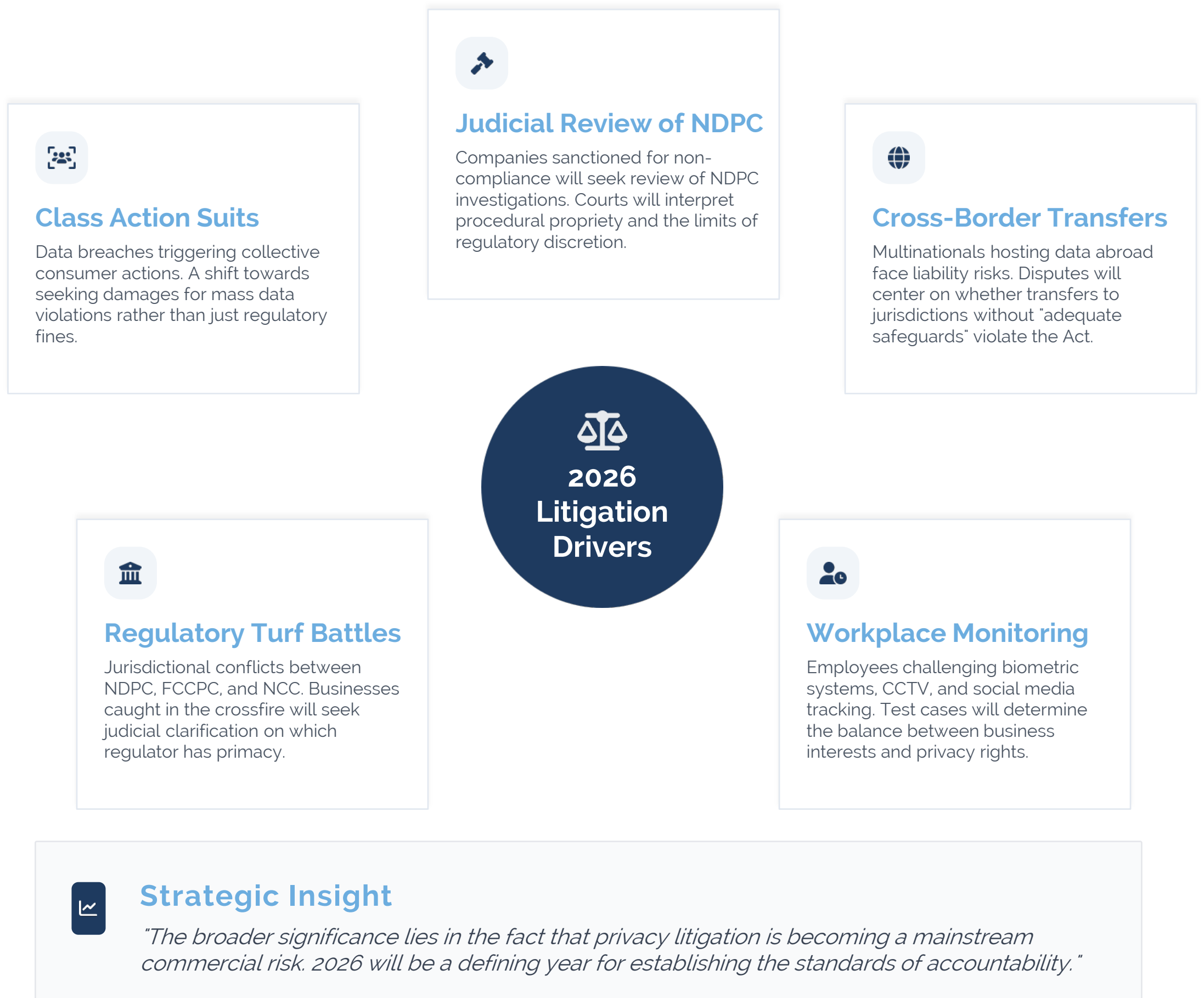
With the passage of the NDPA 2023 and the full operationalization of the GAID in 2025, Nigeria has entered a new era of regulatory enforcement.



Data Disputes:

The New Battlegrounds

Privacy litigation is shifting from a compliance checkbox to a mainstream commercial risk. In 2026, five distinct areas will drive courtroom activity.



Conclusion: *The Path Forward*

Nigerian litigation stands at the threshold of change. These developments reflect a system that is rapidly modernising, influenced by global currents and domestic reform.

Four Transformational Forces



01

Technology & AI Adoption

Digital tools promise unprecedented speed and efficiency but compel the profession to confront new questions of ethics, reliability, and professional responsibility.

→ Reshaping operations



02

Fiscal Accountability

Sweeping tax reforms will generate high-stakes disputes that test constitutional boundaries, federalism, and the judiciary's ability to interpret a restructured fiscal framework.

→ Testing boundaries



03

Privacy as a Driver

Data protection has evolved from a mere compliance checkbox to a significant litigation driver, with privacy rights now firmly established on the judicial agenda.

→ Mainstream risk



04

Consumer Protection

Competition and consumer protection litigation has emerged as a frontrunner, driven by assertive regulation, broader enforcement, and judicial validation of agency powers.

→ Regulatory assertion

Call to Action



"For practitioners, the challenge is not only to master the new substantive areas of law but also to adapt to the shifts brought by technology and reforms."



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