

THE EXECUTIVE'S TAX BRIEF

Quarterly Insights for
Strategic Decision-Making

Introduction

Nigeria is experiencing a fundamental shift in its tax law regime, particularly with the coming into force of the new tax laws.¹ Given the evolving state of Nigeria's tax landscape, this first quarter (Q1) brief aims to provide insights to some of the recent changes for better strategic decision-making.

Nigeria Tax Act, 2025; Nigeria Tax Administration Act 2025; Nigeria Revenue Service (Establishment Act) 2025; Joint Revenue Board of Nigeria (Establishment Act), 2025.



Decisions to Note

While the courts and tax tribunals rendered several tax-related decisions, the following cases have been considered important in this brief for Q1 and beyond.

The new tax laws take effect in January 2026: Incorporated Trustees of African Initiative for the Abuse of Public Trust v. The Federal Government of Nigeria & Ors.

In late December 2025, the High Court of the Federal Capital Territory declined to grant an interim injunction in *Incorporated Trustees of African Initiative for the Abuse of Public Trust v. The Federal Government of Nigeria & Ors*,² seeking to halt the commencement of the new tax laws on January 1, 2026. The Court ruled that it lacked jurisdiction to stop the implementation of laws already signed by the appropriate authority, absent evidence of wrongdoing.

While this decision concerns the interim injunction sought, it is significant because it removed a potential hurdle to the coming into force of the new laws, ensuring the transformation of the Nigerian tax landscape in January 2026.



TAT confirmed as the primary forum for tax disputes, with powers to grant interlocutory reliefs:

CNOOC Exploration and Production Nigeria Ltd v. Federal Inland Revenue Service

The issue regarding the powers of the Tax Appeal Tribunal's (TAT) came to the fore in the case of CNOOC Exploration and Production Nigeria Ltd v. Federal Inland Revenue Service. The CNOOC challenged the FIRS' assessment of stamp duties before the TAT. In response, the FIRS objected to the TAT's jurisdiction to entertain the matter on the ground that CNOOC had commenced a similar action at the Federal High Court (FHC).

In its ruling, the TAT held that it was the proper and primary forum for tax disputes and had the powers to grant interlocutory or protective reliefs pending the determination of a substantive tax dispute before it.

This decision is significant because it reinforces the TAT as the primary and appropriate forum for the resolution of tax disputes in Nigeria.

Supreme Court affirms TAT's quasi-judicial status and validates its coexistence with the Federal High Court:

TSKJ Construcoes Internacional Sociedade Uniperssoal LDA v. Federal Inland Revenue Service.

The Supreme Court reaffirmed the status and jurisdiction of the Tax Appeal Tribunal (TAT) in *TSKJ Construcoes Internacional Sociedade Uniperssoal LDA v Federal Inland Revenue Service*.⁴ As to the status of the TAT, the Supreme Court noted that it (the TAT) was established as a quasi-judicial administrative body empowered to adjudicate tax disputes.

On the jurisdiction of the TAT, the Supreme Court noted that by section 251(1)(b) of the Constitution, the jurisdiction of the Federal High Court over tax matters is "to the exclusion of any other Court". Considering that the TAT is not considered a "Court" under the Constitution, its jurisdiction does not conflict with that of the Federal High Court. Further, it was noted that appeals from the TAT go to the Federal High Court, indicating the lack of conflict between the forums.

This case is important because there is likely to be an increase in tax disputes during the transitional phase of legal regimes, and businesses need a predictable pathway to manage the disputes, develop settlement strategies, and mitigate reputational risk.

What the new tax laws mean for Boards, Business Executives and Tax Stakeholders in Q1 2026

Compliance with tax obligations requires evidence. Unsubstantiated or improper tax filings may not only attract scrutiny but also lead to tax liabilities for the company, as well as for boards and management.⁵

Businesses now need a compliance framework that can stand constant oversight and scrutiny, which means consistent data, filing, and record-keeping across Value Added Tax (VAT), Withholding Tax (WHT), income tax, payroll, and other transaction taxes.



Sector Implications

The enactment of the new tax laws is expected to have significant impacts on different sectors and areas of the economy. Below are evident implications for selected sectors:

Financial Services and Fintech

One major implication for financial services and fintech operators is increased exposure to regulatory information requests and heightened scrutiny of transaction flows. The Nigeria Revenue Service (NRS) (Establishment) Act 2025 vests the NRS with enhanced powers for data gathering and access to third-party information.⁶ Accordingly, the NRS may require banks and digital platforms to furnish transactional data for tax enforcement purposes.

Energy and Upstream

The Nigeria Tax Administration Act 2025 contains specific provisions relating to petroleum operations returns and computations, and it links those obligations to the hydrocarbon tax,⁷ as well as other tax heads under the Nigeria Tax Act. Even where a company's operations are offshore, its tax governance depends on the quality of upstream reporting, estimates, and records.

Mergers and Acquisitions

In *Oando Oil Ltd v FIRS*,⁸ the TAT held that share purchase and sale agreements are subject to stamp duties, and do not fall within the exemption typically relied on for instruments effecting transfer of stocks and shares.⁹ Consequently, this position must be factored in deal closings and re-papering in 2026.

Free Trade Zones (FTZ)

The Nigeria Tax Act 2025 provides that a full exemption on profits would apply to an entity where its total sales are derived from exports and where not more than 25% of its sales arise from the sale of goods and services to the customs territory in Nigeria.¹⁰ Accordingly, for entities operating in the free trade zone areas, all profits are no longer exempted from taxes.

Administrative Update

NRS replaces FIRS

On 1 January 2026, the NRS replaced the defunct FIRS with a reformed revenue authority established under the Nigeria Revenue Service (Establishment) Act, 2025.¹¹ The NRS now sits at the centre of assessment, collection, and accounting for federal revenues, as well as related functions under the new regime.¹²

For compliance, three areas are highlighted:

01 VAT filing discipline and timelines

The Nigeria Tax Administration Act, 2025, requires VAT returns to be filed on or before the 21st day of the following month,¹³ including input tax, output tax, and VAT payable for the preceding month.¹⁴ The effect of this provision is that January transactions must be reported by February 21, and so on.

02 VAT fiscalisation and electronic fiscal systems

The new tax regime expressly supports VAT fiscalisation (i.e., the use of technology (e-invoicing) to record, transmit, and monitor VAT transactions in real time. The Nigeria Tax Administration Act provides that, where the Nigeria Revenue Service deploys an Electronic Fiscal System (EFS), any person making a taxable supply must use it to record and report such supplies.¹⁵

03 Managing uncertainty through formal mechanisms

The Nigeria Tax Administration Act recognises advance rulings as written positions issued by the tax authority on disputed or controversial matters or proposed transactions to provide direction or clarification.¹⁶ Given that the transition period following the introduction of new laws typically creates uncertainty, this provides a formal mechanism to facilitate tax compliance.

Prepare for Q2 and subsequent quarters

Businesses should reassess their tax risk register for the new regime and run a short internal readiness review focused on VAT filing discipline, invoice controls, fiscalisation readiness, and transaction tax exposures in their deal templates.

Conclusion

The transformation of Nigeria's tax regime, heralded by the new tax laws, signals a new era of tax compliance. While recent decisions continue to clarify the status, jurisdiction, and powers of tax dispute forums, suggesting a more predictable pathway for tax dispute resolution, the evolving tax landscape should be a matter of great interest to company boards and management teams. Ultimately, businesses that have embedded disciplined compliance frameworks and strategic tax decision-making in Q2 and beyond will be best positioned to protect value and maintain regulatory confidence under the new regime.

Endnotes

1. Nigeria Tax Act, 2025; Nigeria Tax Administration Act 2025; Nigeria Revenue Service (Establishment Act) 2025; Joint Revenue Board of Nigeria (Establishment Act), 2025.
2. Motion No: M/17240/2025; Ruling delivered by the Honourable Justice Bello Kawu, on December 23, 2025.
3. Appeal No TAT/LZ/SD/042/2024. Judgment delivered by the Tax Appeal Tribunal, Lagos Zone on October 14, 2025.
4. (2025) LPELR-81423 (SC).
5. Nigeria Tax Administration Act 2025, ss. 101 – 102.
6. Nigeria Revenue Service (Establishment) Act 2025, s. 4(1)(i)(n).
7. Nigeria Tax Administration Act 2025, s. 16.
8. (Appeal No: TAT/LZ/SD/030/2024). Judgment delivered by the Tax Appeal Tribunal sitting in Lagos on November 28, 2025.
9. Celiab Baker, 'Africa Tax In Brief' (ENS 22 January 2026) < <https://www.mondaq.com/southafrica/withholding-tax/1731082/africa-tax-in-brief> > accessed 12 February 2026.
10. Nigeria Tax Act 2025, Second Schedule, s.3.
11. Nigeria Revenue Service (Establishment) Act 2025, s. 3(1).
12. Nigeria Revenue Service (Establishment) Act 2025, s. 4.
13. Nigeria Tax Administration Act, 2025, s.22(1).
14. Nigeria Tax Administration Act, 2025, s.22(3).
15. Nigeria Tax Administration Act 2025, s.23.
16. Nigeria Tax Administration Act, 2025, s. 73.

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