

THE NIGERIA TAX REFORM ACTS 2025: AN OVERVIEW

Tax Practice Insights



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1. Introduction

On June 26, 2025, President Bola Ahmed Tinubu signed the Nigerian Tax Reform Bills into law (the Tax Reform Acts), heralding a new era for Nigeria's tax regime. The Tax Reform Acts aim to consolidate Nigeria's fragmented tax laws into harmonised statutes, establish a uniform legal and operational framework for tax administration nationwide,¹ improve efficiency in tax collection to facilitate taxpayers' compliance, and maximise tax revenue. The article reviews the Nigerian Tax Reform Acts and highlights key aspects of the Tax Reform Acts.

2. Key Highlights of the Nigerian Tax Reform Acts 2025

The Tax Reform Acts comprise four major legislations, namely: 1) The Nigerian Tax Administration Act (the NTAA); 2) the National Tax Act (the NTA); 3) the Nigerian Revenue Service (Establishment) Act (the NRSA); and 4) the Joint Revenue Board (Establishment) Act (the JRBA).

2.1. Nigeria Tax Administration Act, 2025

The Nigeria Tax Administration Act 2025 (NTAA) establishes a uniform legal and operational framework for tax administration across federal, state, and local governments. The NTAA consolidates the existing administrative provisions contained in the repealed tax acts, including the Personal Income Tax Act, Companies Income Tax Act, Value Added Tax Act, Stamp Duties Act, and Capital Gains Tax Act, under a single administrative structure.² The following are some of the key innovations from the NTAA;

- a. ***Modernisation of Taxpayer Identification and Mandatory Usage:*** The NTAA requires every taxable person to register with the relevant tax authority and obtain a Taxpayer Identification (Tax ID).³ This obligation also applies to Ministries, Departments, and Agencies of the Federal, State, and Local Governments, as well as

1 Press release, President Tinubu: New Tax Laws, the way Forward for Nigeria's Prosperity <https://statehouse.gov.ng/news/president-tinubu-new-tax-laws-the-way-forward-for-nigerias-prosperity/#:~:text=The%20bills%20are%20the%20Nigeria,%2C%20state%2C%20and%20local%20governments>

2 Explanatory Memorandum to the Act.

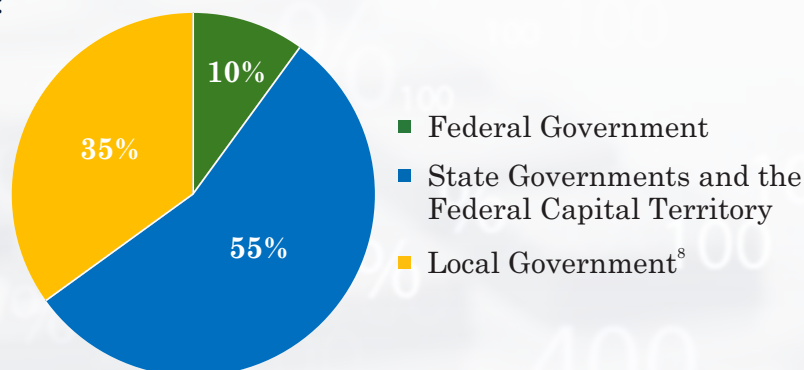
3 A taxable person is either a resident or a non-resident whose income is subject to taxes in Nigeria.



Non-residents who supply taxable goods or services to any person in Nigeria, or who derive income from Nigeria.⁴

The NTAA also mandates that organisations engaged in banking, insurance, stockbroking, and other financial services require every taxable person to provide a Tax ID, as a precondition for opening a new account or operating an existing account.⁵

- b. **Harmonisation of filing timelines:** The NTAA harmonises the timeline for filing of tax returns. The deadline for filing returns remains **not** more than six months after the end of a company's accounting year for companies operating for over eighteen months. For companies within eighteen months of incorporation, returns should be filed within six months after the conclusion of their first accounting year. For companies that have permanently ceased trading or conducting business in Nigeria, returns should be filed not later than six months from the date they stop their operations.⁶
- c. **Annual tax incentives return:** The NTAA requires taxable persons benefitting from incentives administered by the relevant tax authorities to submit annual tax incentives returns to the relevant tax authority, using the form prescribed by the Nigerian Revenue Service, in addition to the regular annual tax returns.⁷
- d. **Distribution of VAT revenue:** The NTAA introduces a new value-added tax (VAT) sharing formula, which will be distributed as follows:



4 Nigerian Tax Administration Act 2025, Section 4.

5 Nigerian Tax Administration Act 2025, Section 8.

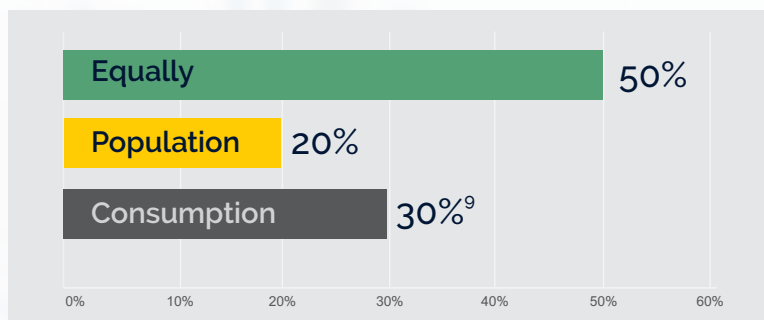
6 Nigerian Tax Administration Act 2025, Section 11

7 Nigerian Tax Administration Act 2025, Section 26

8 Nigerian Tax Administration Act 2025, Section 81(1)



Additionally, the amount of VAT due to states and local government will be distributed as follows:



- e. **Tax Planning Disclosures:** To curb tax avoidance, the NTAA now requires persons who enter or intend to enter into any transaction or agreement (referred to as a disclosable transaction or agreement) with the aim of gaining a tax advantage,¹⁰ to make prior disclosures to the relevant tax authority.¹¹
- f. **Value Added Tax Fiscalisation System:** The NTAA introduces the deployment of an Electronic Fiscal System (EFS) to record and report taxable supplies. While the NRS is responsible for specifying the fiscalisation system to be adopted and a transition arrangement for its implementation, taxable persons remain responsible for maintaining accurate records of all transactions passing through the EFS.¹²

2.2 National Tax Act (NTA) 2025

The Nigerian Tax Act aims to consolidate the legal framework for taxation in Nigeria by repealing the Personal Income Tax Act, Companies Income Tax Act, Petroleum Profits Tax Act, the Value Added Tax Act, Stamp Duties Act, Capital Gains Tax Act, and other tax laws and regulations in the country as they apply to taxation. This allows the Nigerian national tax framework to achieve more concise and unified legal provisions to arrive at a fair taxation system for citizens and taxable individuals.

⁹ Nigerian Tax Administration Act 2025, Section 81(2)

¹⁰ The Act (Section 29(3)) defines tax advantage to include (a) a relief or increased relief from tax; (b) repayment or increased repayment of tax; (c) avoidance or reduction of a charge to tax or an assessment to tax; (d) avoidance of a possible assessment to tax; (e) deferral of a payment of tax or advancement of a repayment of tax; or (f) avoidance of an obligation to deduct or account for tax;

¹¹ Nigerian Tax Administration Act 2025, Section 29

¹² Nigerian Tax Administration Act 2025, Section 25



- a. **Development Levy:** Section 59 of the NTA consolidates various existing corporate levies such as the Education Tax, the National Agency for Science and Engineering Infrastructure tax, and the National Information Technology Development Levy into a single development levy on companies' assessable profits. The NTA provides a general 4% levy on all assessable profits as a developmental levy and distributes the total revenue along the lines of initially existing funds. The applicable distribution is as follows: 50% to the Tertiary Education Trust Fund, 15% to the Nigerian Education Loan, 8% each to the National Information Technology Development Fund and the National Agency for Science and Engineering Infrastructure, 4% to the National Board for Technological Incubation, 10% to the Defence and Security Infrastructure Fund, and 5% to the National Cybersecurity Fund.

The development levy on companies assessable profits starts at 4% in 2026, reducing to 3% in 2027-2029 and settling at 2% from 2030 onward. The applicable distribution for 2025-2026 is as follows: 50% to the Tertiary Education Trust Fund, 25% to the Student Education Loan Fund, 20% to the National Information Technology Development Fund, and 5% to the National Agency for Science and Engineering Infrastructure. By 2030, the expected distribution is; 100% to the Student Education Loan Fund. This progression aims to ensure sustained funding for tertiary education, aligning with the government's efforts to facilitate access to tertiary education. However, the pivot towards student loans may saddle students with debt. Therefore, the student loan systems must be responsibly managed to ensure a long-term success.

- b. **Companies Income Tax:** The Nigerian Tax Act (NTA) introduces significant amendments to the now-repealed Companies Income Tax Act. Notably, the NTA redefines a small company as one with an annual gross turnover not exceeding N50,000,000 and fixed assets not exceeding N250,000,000. Under the new framework, small



companies are exempt from company income tax, paying 0% of their annual income. In contrast, all other companies are subject to a tax rate of 27.5% for the 2025 assessment year and 25% for the 2026 assessment year.

Previously, the tax regime imposed rates of 0% on small companies, 20% on medium-sized companies, and 30% on large companies. The revised structure seeks to alleviate the financial burden on small businesses, particularly in light of the current economic challenges posed by inflation and the devaluation of the Naira.

- c. **Personal Income Tax:** The NTA also adopted a progressive tax system on personal income, with relevant rates and income brackets as outlined in the table below:

Income Range	Applicable PIT Rate
≤ N800,000	0%
N800,000 – N3,000,000	15%
N3,000,001 – N12,000,000	18%
N12,000,000 – N25,000,000	21%
N25,000,000 – N50,000,000	23%
N50,000,000+	25%

The NTA also provides for the deduction of all expenses incurred either exclusively or wholly in the computation and assessment of profit and loss during income production. However, apart from the cost incurred in producing income, the NTA permits specific deductions as outlined in Section 20 of the NTA. Prior to the NTA, it was not sufficient that expenses were wholly or exclusively incurred i.e. the entire amount was expended solely for business profit. The expenses also had to be reasonable and necessary (i.e. objectively, the business could not operate without the particular expenditure).



However, the NTA simply requires the expenses to be wholly and exclusively incurred. This broadens the deductions available to companies before computing taxable profits, thereby enhancing business cash flow. It aligns with the broader reforms aimed at facilitating economic ease by permitting additional deductions. Furthermore, the NTA stipulates the taxation of employment income losses within the range N10,000,000 to N50,000,000. This provision further promotes fairness by taxing only marginal excess of compensatory awards exceeding fifty million naira.

- d. **Value Added Tax:** The NTA increased the list of goods and services that are VAT zero-rated.¹³ The new additions to the zero-rated list include electricity generated and supplied to the National Grid or the Nigeria Bulk Electricity Trading Company by the generation companies, as well as electricity transmitted to the Electricity Distribution Companies by the Transmission Company of Nigeria. The list also covers basic foodstuffs, health services, education, and agricultural products as outlined in Section 187 of NTA.

Section 186(1) of the Nigerian Tax Act outlines a comprehensive list of goods and services that are exempt from Value Added Tax (VAT) under Chapter Six of the Act. These exemptions include oil and gas exports, crude petroleum and feed gas, goods for humanitarian donor-funded projects, baby products, and locally manufactured sanitary products. Also exempt are military supplies and locally produced uniforms for security agencies, shared passenger road transport services, and agricultural equipment. Additional exemptions cover goods consumed within export processing or free trade zones for approved activities, supplies to diplomatic missions or recognised diplomats engaged in public interest activities, educational plays and performances, land and buildings, money and securities, government licences, and assistive devices for persons with disabilities. Subsection (2) further provides that VAT shall not

13 Zero-rated goods are those subject to 0% VAT.



apply to items listed in paragraph 1 of the Eleventh Schedule unless the Minister specifies a date for VAT collection through an official gazette.

The Act reflects the advancement of the Nigerian framework to align with contemporary realities by incorporating the concepts and scope of digital assets. Gains from trading digital assets are taxed at 10%. Digital assets, including cryptocurrencies and Non-fungible Tokens (NFTs), are also now subject to applicable taxes.¹⁴

Additionally, the NTA establishes industry-specific tax incentives for “priority sectors” such as manufacturing, technology, and agriculture. Sections 168-184 of the NTA establishes a structured framework for applying the Economic Development Tax Incentive (EDTI) certificate, including details on expiration periods and cancellation procedures, to ensure clarity for investors regarding these incentives. The aim of this provision is to support strategic sectors through tax relief and protect early investors from sudden policy reversals and protect vulnerable groups.

2.3. Nigeria Revenue Service (Establishment) Act

This Nigerian Revenue Service (establishment) Act (NRSA) establishes the Nigerian Revenue Service (NRS), replacing the existing Federal Inland Revenue Service (FIRS). This means the NRS now serves as the sole body to which all federal taxes are to be remitted. It also halts the collection of taxes by several federal agencies, allowing them to focus on their respective primary mandates. The NRSA introduces the following reforms:

- a. ***Establishment of the Nigerian Revenue Service:*** The NRSA repeals the Federal Inland Revenue Service Act (FIRS Act) and establishes a more autonomous and performance-oriented national

14 Section 202 of the Nigerian Tax Act 2025



revenue agency, the NRS.¹⁵ It also retains most of the provisions of the FIRS Act and mandates the NRS with the responsibility of assessing taxable persons, including corporations, companies, and individuals, collecting or recovering assessed taxes, enforcing payment of taxes, and remitting taxes collected, among other duties.¹⁶

- b. ***Tax Collection Collaboration:*** The NRSA empowers the NRS, on request from the state or local government to assist same in collecting or administering tax, and to remit any revenue collected directly to that government, provided that the requesting government has the statutory right to collect or administer the tax.¹⁷ The NRSA also establishes a new relationship among the three branches of government, one that is collaborative rather than confrontational. It is believed that the new legislation can help reconcile the differences between the arms of government on tax collection issues, especially given past conflicts, such as the dispute over VAT collection between the FIRS and the Rivers State government.¹⁸
- c. ***Mandatory Automation of Tax Collection:*** The NRSA aims to prevent corrupt practices that may be perpetrated by tax officers due to the loopholes in the existing analogue tax administration, by requiring the use of digital platforms by NRS for tax filing, assessment, and payment, thereby reducing human interference and minimising opportunities for corruption.¹⁹

2.4. The Joint Revenue Board (Establishment) Act (JRBA)

The JRBA establishes the Joint Revenue Board (JRB or the Board), the Tax Appeal Tribunal, and the Office of the Tax Ombud to harmonise and coordinate revenue administration in Nigeria. The JRBA provides a mechanism for efficient dispute resolution and the promotion of

15 The State House, Abuja, "President Tinubu to Sign Four Tax Bills Into Law Tomorrow" available at [https://statehouse.gov.ng/news/president-tinubu-to-sign-four-tax-bills-into-law-tomorrow/#:~:text=The%20Nigeria%20Revenue%20Service%20\(Establishment\)%20Bill%2C%20the%20third%20bill,Nigeria%20Revenue%20Service%20\(NRS\)](https://statehouse.gov.ng/news/president-tinubu-to-sign-four-tax-bills-into-law-tomorrow/#:~:text=The%20Nigeria%20Revenue%20Service%20(Establishment)%20Bill%2C%20the%20third%20bill,Nigeria%20Revenue%20Service%20(NRS).). Last accessed on June 26, 2025.

16 Nigerian Revenue Service (Establishment) Act 2025, Sections 3 and 4

17 Nigerian Revenue Service (Establishment) Act 2025, Section 5

18 VAT Dispute: Court of Appeal Orders All Parties to Maintain a Pre-dispute Position (November 10 2021) VAT dispute: Court of Appeal orders all parties to maintain pre-dispute position Accessed June 2025

19 Nigerian Revenue Service (Establishment) Act 2025, Sections 4 (3) (b)



taxpayers' rights. Some of the changes introduced by the JRBA are as follows:

- a. ***Establishment of the Joint Revenue Board:*** The JRBA establishes the Joint Revenue Board (JBR or Board) with expanded functions and membership to replace the current Joint Tax Board.²⁰ The scope of the Board has been expanded from an advisory role limited to Personal Income Tax (PIT) under the Joint Tax Board (JTB), to a comprehensive administrative oversight and coordination across all types of taxes and levies collected by the federal, state, and local governments. These include Value Added Tax (VAT), Companies Income Tax (CIT), Stamp Duties, Capital Gains Tax, and various state and local levies.²¹ The proposed Joint Revenue Board Act applies throughout the Federal Republic of Nigeria.²² Unlike its predecessor, the Board has now been granted legal personality and can sue and can be sued, enabling it to enforce its decisions and administration directives on state and participating agencies across the country.²³ The establishment of the Tax Appeal Tribunal with jurisdiction to settle tax disputes arising from any tax laws enacted by the National Assembly or the House of Assembly of a state.²⁴
- b. ***Establishment of the Office of Tax Ombud:*** The JRBA establishes the office of the tax ombud to act as an independent and impartial arbiter to review and resolve tax-related complaints, institute legal proceedings on behalf of a taxpayer, and serve as a watchdog against any arbitrary fiscal policy of the Government and its agencies.²⁵
- c. ***The Expanded Jurisdiction of Tax Appeal Tribunal:*** The JRBA repeals the current instrument establishing the Tax Appeal Tribunal, which was established under Section 59(1) of the Federal Inland Revenue Service (Establishment) Act, in 2007, and formally

20 Joint Revenue Board (Establishment) Act 2025 Section 3 (1)

21 Joint Revenue Board (Establishment) Act 2025 Section 29 (1)

22 Joint Revenue Board (Establishment) Act 2025 Section 2

23 Joint Revenue Board (Establishment) Act 2025 Section 3(2)b

24 Joint Revenue Board (Establishment) Act 2025 Section 23 (1)

25 Joint Revenue Board (Establishment) Act 2025 Section 35(1)



began operations in 2009, through the Tax Appeal Tribunals Establishment Order issued by the Minister of Finance.²⁶

Under the new Act, the scope of the subject matter that can be brought before the tribunal has been expanded to include tax laws made by the House of Assembly of a state.²⁷ Prior to these changes, the jurisdiction of the tribunal was limited to federal tax laws, which include Companies' Income Tax (CIT), Petroleum Profit Tax (PPT), Capital Gains Tax (CGT) and Value Added Tax (VAT). The JRBA now allows for a broader jurisdiction, enabling the tribunal to handle inter-tier disputes, such as residency conflicts like disputes over which state tax authority has the right to tax a particular taxpayer on personal income tax (a common issue where multiple states claim taxing rights over the same individual based on their residency), VAT allocation disagreements, and personal income tax disputes between State Internal Revenue Services (SIRS) and taxpayers.

- d. ***Tax Appeal Commissioners:*** Previously, to be eligible for appointment as a Tax Appeal Commissioner, an individual only needed to be knowledgeable about the laws, regulations, norms, practices, and operations of taxation in Nigeria and demonstrate capacity in managing trade or business or be a retired public servant in tax administration. However, under the new JRBA, a person can only be eligible if they possess the necessary qualification from a recognised institution and have at least 10 years, experience in law, accounting, business administration, finance, economics, taxation, or is a retired public servant with at least 10 years' experience in tax administration. The JRBA also establishes five Commissioners per zone, who are required to have over 10 years of experience in taxation, law, or economics.²⁸

26 Abdul Muhammad Law Practice. 'Demystifying Nigeria's Tax Appeal Tribunal'.
<https://amlawpractice.com.ng/demystifying-nigerias-tax-appeal-tribunal/> Accessed 27-06-2025

27 Joint Revenue Board (Establishment) Act 2025 Section 29 (1)

28 Joint Revenue Board (Establishment) Act 2025, Section 24-25



3. Conclusion

The Nigerian Tax Reform Acts 2025 represent a landmark shift in Nigeria's fiscal landscape, aimed at simplifying and unifying the country's fragmented tax regime. By consolidating existing tax laws into coherent statutes and introducing administrative reforms, the Acts seek to enhance efficiency, ensure equitable revenue distribution, and promote compliance. The establishment of bodies such as the Nigerian Revenue Service and the Joint Revenue Board, along with modernising tax processes and digitalising of administration, marks a deliberate step toward improved governance, transparency, and reduced inter-governmental conflict over tax collection.

Ultimately, these reforms are poised to boost investor confidence, promote economic growth, and make taxation more aligned with contemporary realities, including the digital economy. While implementation challenges may arise, especially at the subnational level, the Acts provide a structured framework to resolve disputes, safeguard taxpayer rights, and incentivize priority sectors of the economy. If effectively enforced, the Nigerian Tax Reform Acts 2025 will not only boost revenue generation, but also establish a more inclusive and development-oriented tax system.

This overview serves as a brief glimpse into some of the popular and cogent provisions of the four Acts. Additionally, Kenna will provide an in-depth review of the Acts alongside important themes and questions in the Nigerian legal and economic sector in subsequent series. This will enable companies and taxable individuals to gain insight from specialised perspectives.



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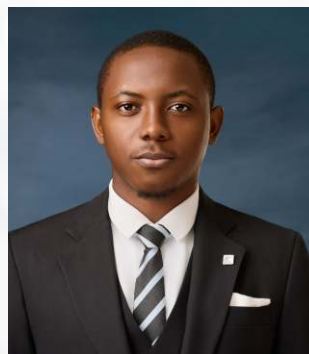
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