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TAX PRACTICE

Tax

2024 HIGHLIGHT
2025 OUTLOOK



FOREWORD

The 2024 fiscal year commenced with a blend of optimism and challenges, marked by the enactment of the **2024 Appropriation Act**, named the **Renewed Hope Budget** by the current administration. With an ambitious revenue projection of ₦19 trillion — representing a 77% increase over the 2023 projected revenue — the Federal Inland Revenue Service (**FIRS**) faced significant responsibilities to contribute towards this target. In our [Tax Wrap-Up 2023 and 2024 Outlook](#), we projected intensified revenue-generation efforts in light of the budget's requirement. This expectation materialized, as tax authorities at both federal and state levels implemented aggressive measures to boost compliance and mitigate evasion. This included targeted tax audits; strengthening tax collection infrastructure, and implementing innovative policies such as the harmonization of e-TP Plat with TaxPro-Max and self-registration modules; and enhanced enforcement activities aimed at specific sectors to address revenue leakages effectively.

Beyond revenue generation, there was a concerted effort to stimulate growth in the economy through the promotion of investment in strategic sectors. It was on this policy premise that the Federal Government through the office of the Presidency as well as the Ministry of Finance reeled out tax incentives, specifically targeted at the Oil and Gas Industry. In response to the economic hardships faced by Nigerians, the government also prioritized fiscal measures to ease the burden on citizens. The Nigeria Customs Service, following a Presidential directive, implemented **zero percent (0%) duty rates and Value Added Tax (VAT) exemptions** on selected basic food items. These measures aligned with the administration's broader policy objectives to enhance food supply, stabilize prices, and support vulnerable households.

The judiciary also contributed to the shaping of the fiscal environment in 2024, with courts and the Tax Appeal Tribunal (**TAT**) providing critical interpretations of fiscal statutes. These interpretations offered much-needed clarity on contentious provisions, addressing ambiguities and ensuring consistent application of the law.

However, the most significant developments occurred on the legislative front. The Finance Act (Amendment) Bill was signed into law by the President. This legislation introduced a controversial provision imposing a 70% windfall tax on the realized foreign exchange gains of Nigerian banks, sparking debates among stakeholders. Additionally, In alignment with the administration's fiscal reform agenda, focused on overhauling Nigeria's fiscal framework, the Federal Government transmitted four comprehensive tax bills to the National Assembly. These bills, designed to address systemic issues and modernize Nigeria's tax system, continues to generate diverse reactions across industries. While their legislative future remain uncertain, their introduction reflects the government's commitment to driving transformative fiscal policies.

This report provides a detailed analysis of the key fiscal developments in 2024, offering insights into the legislative changes, landmark judicial pronouncements, and administrative initiatives that have significantly influenced the tax landscape. As we transition into the 2025 fiscal year, this report also offers a forward-looking perspective on anticipated legislative reforms, potential challenges, and emerging trends. By analyzing the implications of these expected developments, we aim to provide readers with the strategic insights needed to navigate Nigeria's dynamic fiscal landscape and make informed decisions for the future



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PART
01

LEGISLATIVE DEVELOPMENTS

In this section of our report, we review key legislative developments introduced by the Federal Government of Nigeria in 2024. The primary legislative development was the Finance Act (Amendment) Bill 2024, which was passed by the National Assembly, and awaits presidential assent. We will examine the key provisions of this legislation and their implications for businesses and individuals.



THE FINANCE ACT 2024

The Federal Government of Nigeria, through the Finance Act 2024 (FA), introduced a windfall tax on Nigerian banks. The FA is designed to raise funds for capital infrastructure projects, education, healthcare, and other public welfare programs. It was passed by both Houses of the National Assembly on 23.07.2024, and signed into law by President Bola Ahmed Tinubu on 13.08.2024.



HIGHLIGHTS OF THE FA

Imposition Of Tax:

The FA levies a 70% tax on the realised profits from all foreign exchange transactions of banks within the 2023 to 2025 financial years.

Assessment And Payment Of Tax:

The FA provides that the Federal Inland Revenue Service (FIRS) shall assess and collect the wind fall tax from the banks and may enter into a deferred payment agreement (DPA) with the relevant banks, provided that such DPA is executed on or before 31 December 2024 (the **Deadline**).

Penalties:

The FA stipulates that any bank which fails to remit the windfall tax to the FIRS by the Deadline, without having exercised a DPA, shall be deemed to have committed an offence. Upon conviction, such a bank faces penalties including:

- 01 payment of the withheld or unremitted tax;
- 02 a 10% penalty on the withheld or unremitted tax, calculated at the prevailing Central Bank of Nigeria (CBN) minimum rediscount rate; and
- 03 imprisonment of its principal officers for a maximum of three months.

Commencement Date:

The FA has a retroactive date of application of 1 January 2023.

Key concerns with the FA can be broadly encapsulated in its retrospective application, timing and the lack of stakeholder engagement. With respect to the retrospective implication of the FA, it is trite principle that tax laws should have prospective application except where it is expressly provided otherwise. Moreso, the prospective nature of tax laws has also been enshrined in the national tax policy and should drive the policy objective of the Federal Government. However, given this possibility for having laws with retrospective effect, the commencement date of the FA was set to January 2023, effectively subjecting the realised exchange gains to tax on a retrospective basis.

It is worth mentioning that the introduction of the FA at this time when the government is overhauling the Nigerian tax legislation through the Presidential Committee for Fiscal and Tax Reforms in order to stimulate the economy, could potentially create distrust in the polity and impair investor confidence on the genuineness of the policy statement of the government on favourable tax reforms for businesses.

PART
02



JUDICIAL DEVELOPMENTS

This section reviews significant rulings delivered by Nigerian courts, with a particular focus on decisions from the Tax Appeal Tribunal in the adjudication of tax disputes.

We have spotlighted some of the notable judicial decisions pronounced in 2024. For more detailed recap please see our Tax Newsletters for the [first](#), [second](#) and [third](#) Quarters of 2024.



TAT RULES ON THE OPERATION OF SECTIONS 16 AND 19 OF THE COMPANIES INCOME TAX ACT

FBN INSURANCE LIMITED V FEDERAL INLAND REVENUE SERVICE
(TAT/LZ/CIT/030/2022)



On 01.03.2024, the Lagos zone of the TAT dismissed the appeal of FBN Insurance Limited (the **Appellant**) initiated by a Notice of Appeal dated 21.06.2022 challenging the additional assessment of the FIRS (the **Respondent**) on the Appellant for the 2017 and 2018 years of assessment (**YoA**) under the Companies Income Tax Act (**CITA**).

The Tribunal distilled the following issues for determination namely:

Whether the Respondent lawfully assessed the Appellant to tax under section 19 of the CITA?



Whether the Respondent can lawfully subject the income of the Appellant to tax, outside the provisions of section 16 of the CITA?

Whether the Respondent rightfully assessed the Appellant to additional Withholding Tax (WHT), interest and penalties inclusive of the 2017 and 2018 YOA?

“
A Nigerian registered insurance company qualifies as a Nigerian company and is therefore bound by the provisions of section 19 of CITA



It is pertinent to state that the focus of this case revolved around the correct interpretation to be given to sections 16 and 19 of CITA and the extent of application of the said sections. In resolving these issues, the Tribunal held that the non obstante clause as provided for in section 16 of CITA does not obviate the application of section 19 of the extant law such as to preclude the Appellant from being bound by the provisions of section 19 of CITA. The Tribunal considered amongst others, the Indian cases of **Union of India v G.M Kolki**¹ and **Indra Kumar Patodia v Reliance Industries Limited**² where a non obstante clause was interpreted as a restrictive clause, with the power to override specifically quoted provisions deemed to run contrary to the clause, but which does not limit the operation of other provisions of the enactment in the absence of such specificity.

Flowing from the above, it was concluded that section 16 of CITA would only override other similar but contradictory provisions of CITA where they relate to computation of income tax for insurance companies. In the instant case, the Tribunal deemed that there was no conflict between sections 16 and 19 of the CITA; while section 16 applies specifically to insurance companies, section 19 applies to all Nigerian companies, irrespective of the nature of business undertaken, and this includes the Appellant.

Having viewed sections 16 and 19 of CITA as distinct provisions, the Tribunal ruled that the Respondent was right to have assessed the Appellant to tax under section 19 of the CITA, and therefore held the Appellant liable to pay the assessed sum of N917,234,580 (Nine Hundred and Seventeen Million, Two Hundred and Thirty-Four Thousand, Five Hundred and Eighty Naira) only.

From the foregoing, it has become clear that the ambit of taxation for insurance companies is not in any way limited to the provisions of section 16 of CITA. A Nigerian registered insurance company qualifies as a Nigerian company and is therefore bound by the provisions of section 19 of CITA. Thus, any Nigerian company caught within the ambit of 19 with respect to the payment of excess dividend tax may be assessed under the said section notwithstanding that it had previously been assessed to income tax under any other provisions of the CITA.



1. 1984 SUPP SCC 196
2. [2012] 13 SCC 1



TAX LAW

TAT RULES THAT TAX ASSESSMENTS MUST BE ISSUED ON A LEGAL BASIS

BAKER HUGHES NIGERIA LIMITED V DELTA STATE BOARD OF INTERNAL REVENUE SERVICE (TAT/SSZ/016/2023).

Baker Hughes Nigeria Limited (Baker Hughes or the Appellant), an oilfield services company operating in Nigeria, initiated this appeal before the TAT contesting the additional assessment and Notice of Refusal to Amend (NORA) issued by the Delta State Board of Internal Revenue (the Respondent) assessing the Appellant to additional PAYE taxes, withholding taxes (WHT), and penalties for the years 2015 – 2020 culminating in the sum of ₦8,414,479,225.20 (Eight Billion, Four Hundred and Fourteen Million, Four Hundred and Seventy-Nine Thousand, Two Hundred and Twenty-Five Naira, Twenty Kobo).

The Appellant contended that the assessment of PAYE tax by the Respondent was based on an alleged undisclosed staff income for years when no employees were deployed to Delta State and that the Respondent failed to tender any evidence in proof of the alleged undeclared income it relied on. It further argued that the requested documents to substantiate its position were provided to the Respondent, and therefore, the assessments by the Respondent were erroneous and lacked legal basis. Regarding WHT, the Appellant disputed the inclusion of the business premises levy as an item liable to WHT, additionally asserting that they did not have physical offices in Delta State during the period they were assessed by the Respondent. The Respondent argued to the contrary that the assessments issued to the Appellant were fair, based on industry averages, and that penalties were justified for non-compliance.

Having listened to the arguments canvassed by parties, and upon consideration of evidence before it, the Tribunal formulated one issue for determination to wit: whether from the evidence before the court, the Appellant is liable to pay the additional tax assessment of ₦8,414,479,225.20 for 2015-2020 based on the provision of the PITA.

Relying on the case of **Elephant Investment Ltd v Fijabi**³ amongst others, the Tribunal held that he who alleges must prove, and if the Respondent believes that the timesheets provided by the Appellant in support of its objections to payment of PAYE taxes were inaccurate, then the onus of proving otherwise falls on the Respondent. The Tribunal also found that the allegations that the Appellant failed to provide the requested documents were untrue. Consequently, the Tribunal held that the additional PAYE tax liabilities lacked legal basis and therefore were invalid.

On the issue of business premises assessment, the Tribunal considered section 2 of the Business Premises Edict of Bayelsa State, and held that the Appellant's project location as of 2015, qualified as a business premise and so, the Appellant was liable to pay business premises levy. Having noted that the business premises levy had been improperly captured as WHT in the assessment issued by the Respondent, the Tribunal held the Appellant is liable to pay a revised assessed sum of ₦689,456.25 being business premises and development levies, including penalties and interest from 2015 - 2020.

In sum, the Tribunal dismissed the additional assessment of ₦8,414,479,225.20 as being imaginary and without any legal basis, and charged the Appellant to payment of revised business premises levies.

This case underscores the importance of thorough documentation and evidence, in tax disputes, as well as the need for tax authorities to carefully evaluate any evidence presented by a taxpayer before issuing additional assessments.

3. [2015] LPELR-24732(CA);



TAT RULES ON THE POWERS OF FIRS TO RAISE ADDITIONAL AMENDED ASSESSMENTS ON A TAXPAYER BEYOND THE TIME LIMIT STIPULATED BY LAW

AXANKOSI LIMITED V. FEDERAL INLAND REVENUE SERVICE (APPEAL NO. TAT/LZ/CIT/114/2022)

Axankosi Limited (**Axankosi** or the **Appellant**), initiated this appeal before the Tax Appeal Tribunal (the TAT or the Tribunal) against the Federal Inland Revenue Service (**FIRS** or the **Respondent**) contesting the FIRS' refusal to amend a notice of additional assessment (**NoAA**) which had assessed the Appellant to a total companies income tax (**CIT**) liability of ₦38,063,201 (Thirty-Eight Million, Sixty-Three Thousand, Two Hundred and One Naira) in respect of the 2014 and 2015 years of assessment.

The Appellant argued that FIRS could not issue any CIT assessment beyond six years from the relevant year of assessment, unless in cases of fraud, wilful default, or neglect. They contended that none of these exceptions applied, and that the NoAA issued in 2022 for the 2014 and 2015 years of assessment, exceeded the six-year limit, violated section 66 of CITA, and rendered the assessments invalid. The Appellant also argued that it had withholding (**WHT**) credits of ₦133,106,260 and could legally offset its CIT liability using these credits, citing sections 81(7) of the Companies income Tax Act (**CITA**) and 23 of Federal Inland Revenue Service (Establishment) Act. It contended that no pre-conditions were required for utilizing the WHT credits and that any CIT liability should be set off from the WHT credit.

The Respondent argued that it had the authority to assess a taxpayer multiple times within six years, without necessarily having to prove fraud, wilful default, or neglect⁴. It was the Respondent's case that it audited the Appellant's 2013 - 2015 accounts in 2017, resulting in additional tax assessed in 2019, which the Appellant objected to. After reconciliation meetings, a revised assessment was issued in 2022. The Respondent contended that this revised assessment did not constitute a new investigation and that the Appellant's challenge was a misrepresentation of the facts.

In its judgment, TAT held that where a monetary liability claim is disputed on the ground that the claim is statute barred, the onus is on the creditor, i.e. FIRS to prove that the debt was acknowledged or that a part payment was made by the defendant to revive the cause of action. Furthermore, where there is a successful acknowledgement of the debt or part payment by a party or its agent, the right to recover the debt or liability by action is revived. The effect would then be that the creditor may validly bring an action for enforcement of the debt, as if the cause of action had recently arisen. The Tribunal held that the Appellant's acknowledgment of liability and the deduction of CIT from its WHT credit notes amounted to acceptance and payment of the additional CIT liability. Since the Respondent followed the Appellant's instructions to offset the CIT liability using the WHT credits, the Appellant had no valid cause of action at the time of appeal. Thus, the appeal was declared an abuse of judicial process and dismissed.

The TAT's decision addresses key tax law issues, particularly the statutory limits on tax assessments and the conditions for extending them. It highlights how objections, participation in the reconciliation process, and acknowledgment or part payments can affect the enforceability of assessments. The decision emphasizes the importance of promptly reviewing tax-related communications to assess their impact in order to strategize on the appropriate cause of action.



TAT AFFIRMS THAT BEST OF JUDGMENT ASSESSMENTS EXCLUDES PAY-AS-YOU-EARN (PAYE) AND STIPULATES THAT DOCUMENT REQUESTS MUST ADHERE TO RESIDENCY RULES UNDER THE PERSONAL INCOME TAX ACT

ECOBANK NIGERIA LIMITED V ENUGU STATE BOARD OF INTERNAL REVENUE
(APPEAL NO: T/SEZ/005/2024)



The Enugu State Board of Internal Revenue (ESBIR or the **Respondent**) following a tax audit verification and investigation exercise on Ecobank Nigeria Limited (the **Appellant**) for the period of 2012 to 2018, issued a demand notice for additional PAYE liabilities in the sum of ₦587,461,685.67. Despite several communications, and documentary submissions by the Appellant which were discountenanced, the Respondent issued a Notice of Refusal to Amend (**NoRA**) the demand notice for additional PAYE liabilities. Dissatisfied, the Appellant filed a Notice of Appeal (**NoA**) on 07.02.2024 at the TAT seeking amongst others, an order of perpetual injunction restraining the Respondent from enforcing the demand notice imposing the sum of ₦587,461,685.67 as the Appellant's additional PAYE liabilities for the period of 2012 to 2018.

Upon service of the NoA, the Respondent commenced a separate action via a motion on notice seeking an order of the TAT compelling the Appellant to provide its nationwide payroll and appointment letters for at least one person in each staff grade to enable the Respondent to determine the Appellant's objection to its additional assessment. Having considered the nature of both applications, the TAT consolidated both the NoA and the motion on notice to determine the rights of parties in the matter.

The TAT adopted two issues for determination viz;

Whether for the purpose of audit and investigation, the Respondent did not lawfully exercise its power to have requested for documents from the Appellant; and



Whether the Respondent's additional assessment of ₦587,461,685.67, the demand notice dated 29.10.2021 and the Notice of Refusal to Amend issued to the Appellant was not unjustifiable and unlawful.



“

*The Tribunal clarified that a **BoJA** must be of the highest standard, defensible, and inclusive. Additionally, it is only applicable to taxable persons under direct assessment and not to **PAYE**.*

In resolving this first issue, The TAT held that the Respondent was wrong in requesting the nationwide payroll, as it neither demonstrated how it used the documents already provided by the Appellant, including the payroll for Enugu State, nor assert any reason necessitating such request. Concurring with the submissions of the Appellant, the TAT stated that the Respondent's powers to request for documents were limited to taxpayers resident in Enugu State.

On the second issue, the Respondent claimed that the additional assessment was a best of judgment assessment (BoJA) due to the Appellant's failure to provide requested documents, making the demand final and conclusive, with a liability of ₦587,461,685.67. The Appellant however argued that this assessment, covering 2012–2015, was statute-barred as it was issued outside the six-year limitation period and that the BoJA was unjustified since it wasn't based on any documents.

The Tribunal clarified that a BoJA must be of the highest standard, defensible, and inclusive, considering industry comparisons, basis for assessment, and business magnitude, etc. Relying on a plethora of decided cases, the Tribunal also noted that a BoJA is only applicable to taxable persons under direct assessment and not to PAYE.

In sum, the Tribunal resolved the issues in favour of the Appellant, granted the order of perpetual injunction and set aside the demand notice issued by the Respondent. The TAT, pursuant to its powers to issue revised assessments, ordered the Appellant to pay the sum of ₦525,441.62 to the Respondent.

We note, however, that the TAT in this case failed to consider the issue of limitation period which was an argument tendered in favour of the Appellant. In any event, this decision is significant for highlighting the nuances that should be considered by tax authorities in the exercise of their enforcement powers.

PART
03



GOVERNMENT POLICY AND TAX ADMINISTRATION

In 2024, the Federal Government, through the office of the President, the Ministry of Finance and its agencies, such as the Nigeria Customs Service (NCS) and the FIRS, introduced impactful measures to drive economic growth and address pressing challenges faced by Nigerians. Among these were customs duty exemptions on essential food items, aimed at reducing household expenses, and initiatives to simplify tax compliance for individuals and businesses. These efforts reflected a broader strategy to attract investments and improve fiscal management across key sectors of the economy.

In this part, we have spotlighted some of the notable policies and initiatives rolled out by the Executive arm in 2024. For a full analysis of all executive developments, please see our Tax Newsletters for the [first](#), [second](#) and [third](#) Quarters of 2024.



EXECUTIVE ORDERS, REGULATIONS AND GUIDELINES



FISCAL INCENTIVES FOR THE OIL AND GAS INDUSTRY

To stimulate domestic gas production and attract investment into Nigeria's oil and gas sector, the Federal Government, through the Presidency and the Ministry of Finance, introduced a series of targeted incentives. These measures aim to promote growth and enhance the competitiveness of the industry. In the following paragraphs, we analyse the newly introduced incentives and assess their potential impact on the Nigerian economy.

The Oil and Gas Companies (Tax Incentives, Exemption, Remission, etc) Order, 2024.

President Tinubu issued the Oil and Gas Companies (Tax Incentives, Exemption, Remission, etc.) Order 2024 (the **Fiscal Incentives Order**) on 28, February 2024. In the following paragraphs, we outline the key provisions of the Fiscal Incentives Order.

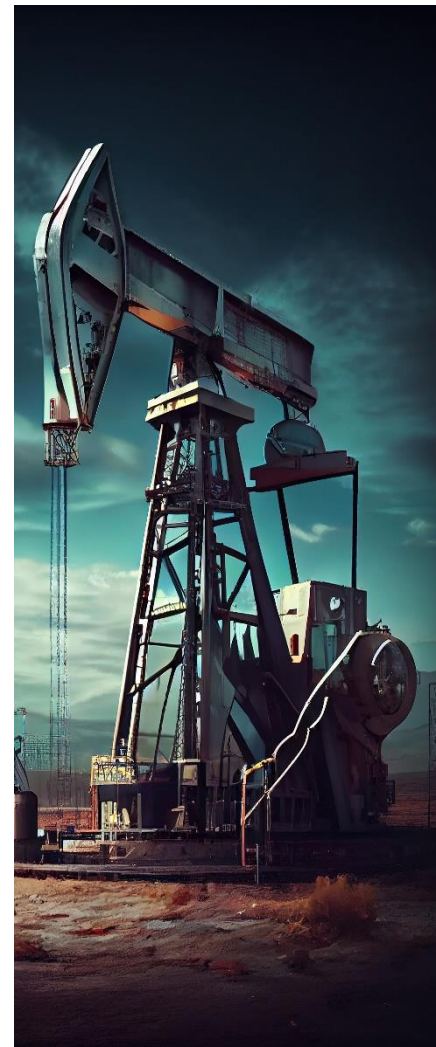


Tax Credits for Non-Associated Gas Greenfield Development

The Fiscal Incentives Order under Part 1 provides tax credit incentives to Non-Associated Greenfield (NAG) developments in onshore and shallow water locations. According to the Fiscal Incentives Order, NAG developments in onshore and shallow water locations which achieve gas production on or before 1st January 2029 shall be entitled to:

- a gas tax credit at the rate of US\$ 1.00 per thousand cubic feet or 30% of the fiscal gas price, whichever is lower, where the Hydrocarbon Liquids (HCL) content does not exceed 30 barrels per million Standard Cubic Feet (SCF); or
- a gas tax credit of US\$0.50 per thousand cubic feet or 30% of the fiscal gas price, whichever is lower, in the event that the HCL content exceeds 30 barrels per million SCF but does not exceed 100 barrels per million SCF.

According to the Fiscal Incentives Order, the tax credit incentive shall apply for a period of 10 years after which it shall become a gas tax allowance. Furthermore, the tax credit claimable under part 1 of the Fiscal Incentives Order;





- (a) shall not exceed the Companies Income Tax payable by such company in tax YoA; and
- (b) shall not be combined with the Associated Gas Framework Agreement incentive on same Greenfield NAG project.

Finally, the gas tax credit surplus of any particular year can only be carried forward for a maximum of 3 years. It should also be noted that the fiscal gas price for the calculation of gas tax credit under this Fiscal Incentive Order shall be same with the fiscal gas price for the determination of royalties under the PIA.

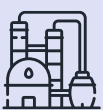


Midstream Capital Oil and Gas Utilization Investment Allowance

The second part of the Fiscal Incentives Order grants gas companies, a gas utilization investment allowance at the rate of 25 percent on qualifying expenditure on plant and equipment incurred in relation to new and ongoing projects in the midstream oil and gas industry. This investment allowance shall be deductible from assessable profit from the year of its purchase and shall not reduce the tax written down value of the relevant asset. The assets shall also continue to enjoy capital allowance under the CITA and other applicable incentives under the CITA and other applicable laws.

It is important to note that a company will only be granted the gas utilization investment expenditure upon the expiration of tax-free period granted under section 39 of the CITA. Also, gas utilization investment incentives shall not apply to qualifying capital expenditure if within 5 years;

A.



such plant and equipment is sold to a person who has acquired the asset for a purpose other than that of the previous holder, or for scrap;

B.



the appropriation of the plant and equipment representing the expenditure for a purpose other than for gas utilization;

C.



incurring the expenditure incurred in a manner that is fictitious or artificial.

In addition, where an asset which has claimed gas utilization investment allowance is sold, it shall not be eligible for same allowance in the hands of a subsequent purchaser. Furthermore, where an asset in which gas utilization investment allowance has been claimed is sold or transferred, it shall be the duty of the purchaser to inform the FIRS.





Finally on this incentive, the Fiscal Incentive Order in order to effectively operationalize the gas investment allowance, mandates the FIRS, in conjunction with the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) to take appropriate steps to implement the gas utilization allowance within 15 days of the date of the Fiscal Incentives Order

Notice of Tax Incentives on Deep Offshore Oil and Gas Production, 2024

The Fiscal Incentives Order mandates the Minister of Finance to introduce fiscal incentives to ensure that investments for deepwater oil and gas projects achieve a competitive Internal Rate of Return (IRR).⁵ Further to this, the Minister of Finance issued the "Notice of Tax Incentives on Deep Offshore Oil and Gas Production, 2024" (**Deep Offshore Incentive Notice**) on 02.10.2024, to take effect immediately. The Deep Offshore Incentive Notice primarily aims to stimulate investments in deep offshore oil and gas developments, benefiting parties in production sharing contracts who finance these projects. This Deep Offshore Incentive Notice provides for production tax credits (PTC) which would apply to deep offshore developments with production sharing contracts within oil and petroleum mining leases. These PTCs are geared towards incentivising crude oil developments as well as non-associated gas production although subject to the satisfaction of specific eligibility criteria. For a more detailed analysis of the legal implications of the Tax Incentives Notice, please see our publication [here](#).

The Fiscal Incentives Order introduces these incentives with the strong potential to significantly stimulate investment in the oil and gas sector, particularly for non-associated gas projects. Likewise, the Deep Offshore Incentive Notice's targeted fiscal incentivization approach could significantly unlock Nigeria's deep offshore potential, promoting sustainable development of its petroleum resources. It provides PML holders with a choice between the production allowance under the PIA and the production tax credit under the Notice. For PMLs, these incentives are expected to be a major driver of investment, especially as there were no similar incentives for non-associated gas previously.

These provisions are a welcome development, especially at a period when some of the largest IOCs have divested onshore petroleum projects to refocus their attention on deepwater petroleum projects.⁶ It is also consistent with Nigeria's Federal government plan to raise its oil and condensates output to 2.6 million bpd and to finance its budget from an estimated ₦7.69 trillion from oil and gas revenue.⁷

Effective collaboration among relevant authorities in operationalizing these incentives will be crucial to ensure that industry stakeholders can fully benefit from the incentives contemplated in the Order.



5. Paragraph 10 of the Oil and Gas Companies (Tax Incentives, Exemption, Remission, etc.) order, 2024.

6. Offshore Energy, "Shell offloads its Nigerian onshore business to focus on deepwater and integrated" 17 January 2024 <https://www.offshore-energy.biz/shell-offloads-its-nigerian-onshore-business-to-focus-on-deepwater-and-integrated-gas/> accessed 11 March 2024

7. Nairametrics, "FG hopes to triple oil money to ₦7.69 trillion in 2024" <https://nairametrics.com/2023/12/03/fg-hopes-to-triple-oil-money-to-n7-69-trillion-in-2024/> accessed 11 March 2024.



DEDUCTION OF TAX AT SOURCE (WITHHOLDING) REGULATIONS 2024

On 01.07.2024, the Minister of Finance and Coordinating Minister of the Economy, Mr. Adebayo Olawale Edun, issued the Deduction of Tax at Source (Withholding) Regulations 2024 (the **Regulations**). These Regulations, which were to take effect from the same date, replaced the existing withholding tax rules and provide updated guidelines on the deduction of tax at source from payments made to taxable persons under the *Capital Gains Tax Act*, *Petroleum Profits Tax Act*, and *Personal Income Tax Act*. The Regulations were subsequently gazetted on October 1, 2024, with additional updates. In the following paragraphs, we will explore the key provisions of the Regulations and examine the changes introduced by the gazettelement.



Overview Of The Regulations

The Regulations, among other provisions, specify the eligible transactions and the applicable tax rates to be deducted at source. Notably, the scope of eligible transactions has been broadened to include brokerage fees, as well as winnings from lotteries, gaming, and reality shows. The inclusion of net payouts from lottery winnings, gaming, reality shows, as well as entertainment and sports earnings as eligible transactions underscores the Federal Government's intent to generate revenue from this rapidly expanding industry.

Interestingly, the Regulations make a clear distinction between such winnings and those derived from games of chance or reality shows specifically aimed at promoting entrepreneurship, academics, technological, or scientific innovation. While the former are subject to withholding tax, the latter are exempt. The practical application of this distinction will be a key area to watch.

Notably, the Regulations also emphasise the importance of recipients having a tax identification number (TIN). Thus, where a recipient of income has no TIN, the amount deducted at source will be double the specified rate under the First Schedule of the Regulations.

Another positive addition under the Regulations is the provision for the entity making the deduction, to issue receipts to the recipient of the income. This receipt must be accompanied by a statement describing the nature of the transaction, the recipient's name, address, and the gross amount paid or payable, as well as the recipient's TIN, national identification or company registration number whichever applies (altogether, regarded as **Detailed Statement**). In similar fashion, the entity making this deduction is expected to submit this Detailed Statement, upon remittance of the WHT to the relevant tax authority.

(For a more detailed breakdown of our analysis of the Regulations, click [here](#))



Updates Following the Gazettement of the Regulations

On 02 October 2024, the Federal Government of Nigeria (FGN) officially gazetted the Regulations, introducing additional updates and clarifications through a Public Notice issued by the Federal Inland Revenue Service on October 3, 2024.

● **Commencement Date:**

The commencement date on the Regulations is 30 September 2024. However, in a bid to ensure adherence to the 90 days minimum advance notice for tax changes as contained in the 2017 National Tax Policy, the Regulations specify that the implementation of the Regulations shall be effective from 1 January 2025⁸.

Further to this, the relevant tax authority i.e. the FIRS or State Internal Revenue, with the approval of the Minister, have been empowered to:

- I. issue guidelines for the effective implementation of the Regulations, and
- II. where the circumstances warrant, prescribe modalities permitting early application of the Regulations from 01.07.2024⁹.

● **Expansion of Exempted Transactions**

The gazetted Regulations expand the list of exempt transactions to include telephone charges, internet data, and airline tickets, offering some relief to taxpayers in these sectors¹⁰.

● **Effective Date for Specified Transactions:**

Transactions such as winnings from lotteries, gaming, and reality shows, originally effective from 01.10.2024, will now be implemented starting 01.01.2025.

● **Revocation**

The Regulations revoke all existing regulations in respect of deductions at source or WHT but provide that such revocation does not invalidate anything done under the revoked regulations.¹¹

Clarifications From The FIRS Public Notice On The Regulation

Further to the issuance of the gazetted Regulations, the FIRS, in its Public Notice issued on 3 October 2024, announced that:

The Deduction of Tax at Source (Withholding) Regulations, 2024 will take effect on January 1, 2025; and



The current WHT regime, as outlined in the Companies Income Tax (Rates, ETC, of Taxes Deducted at Source (Withholding Tax) Regulations (S.1.10 of 1997) and relevant WHT provisions, will remain in force until December 31, 2024.

In essence, the new Regulations will become effective starting from the new year 2025, while the existing regulations will continue to apply until the end of the current year.

8. Regulation 11(1) of the The Deduction of Tax at Source (Withholding) Regulations, 2024

9. Regulation 11(2) of the The Deduction of Tax at Source (Withholding) Regulations, 2024

10. Regulation 10(1)(h) of the The Deduction of Tax at Source (Withholding) Regulations, 2024

11. Regulation 12(1) and (2) of the The Deduction of Tax at Source (Withholding) Regulations, 2024



Practical Implication for Taxpayers

The conflicting commencement dates present certain challenges to taxpayers in relation to actual implementation. Following the initial issuance of the Regulations in July 2024, many taxpayers began applying the new WHT rates, operating under the assumption that the Minister's signature conferred legal validity without requiring gazette, as provided under Section 81(8) of CITA.

However, in light of the gazetted Regulations and FIRS' Public Notice, taxpayers who have applied the new WHT rates since July 1, 2024, based on the rates and rules contained in the previous Regulations, may need to reassess their withholding obligations.



VALUE ADDED TAX (MODIFICATION) ORDER 2024

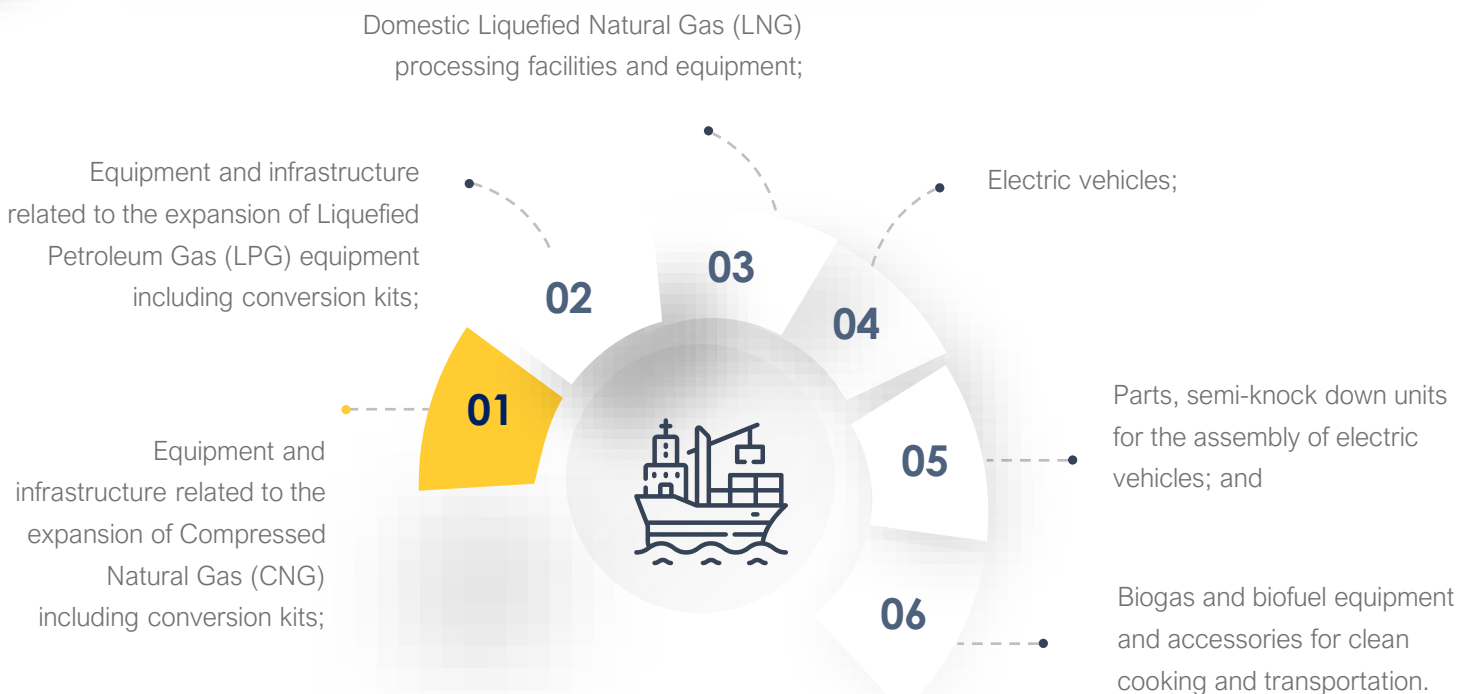
In exercise of his powers under section 38 of the VAT Act, the Minister of Finance and the Coordinating Minister of the Economy recently issued the Value Added Tax (Modification) Order 2024 (the **Order**). It is pertinent to note that the Order does not repeal the Value Added Tax (Modification) Order 2021 (**VMO 2021**), but merely introduces new amendments. Specifically, the newly introduced amendments focus on expanding VAT exemptions for essential goods and services, particularly with respect to the energy and oil and gas sector.

Highlights of the Order



Expansion of Exempted Goods

The Order extended exempted goods to now include:





Expansion of Exempted Services

The Order extended exempted services to now include::

- 01 | CNG conversion and installation services;
- 02 | LPG conversion and installation services; and
- 03 | Manufacturing, assemblage and sale of electric vehicles.

Definition of Petroleum Products

This definition has been updated to include:



- 01 | Feed gas for all types of processed gas including CNG;
- 02 | Locally produced and imported LPG.
- 03 | Common fuels like aviation turbine kerosene, premium motor spirit, automotive gas oil, household kerosene and crude petroleum oils; and

The Order has a commencement date of 1 September 2024.

A significant change in the Order is the inclusion of 'feed gas for all types of processed gas including CNG' in the definition of petroleum products which qualify for the exemption. This amendment effectively exempts natural gas from VAT, which is a significant departure from the VMO 2021, which only exempted gas supplied by gas producing companies to electricity generating companies (**GenCos**).

In the same light, the Order has reinstated the exemption of Automotive Gas Oil (**AGO**) from VAT. It will be recalled that the VMO 2021 had expressly excluded AGO from the definition of petroleum products thereby obviating the VAT exemption erstwhile enjoyed by AGO. Attempts by relevant agencies to fully implement VAT on AGO in 2023 were met with stiff opposition by stakeholders hence the suspension of VAT on AGO in October 2023. Thus, in a bid to provide legal basis for the suspension of VAT on AGO since October 2023, the definition of petroleum products in VMO 2024 has been expanded to expressly include AGO for which the commencement date for the exemption has been exclusively set to 01 October 2023.

Further, it is to be recalled that in December 2023, the Federal Ministry of Finance issued a circular granting customs duty and VAT exemptions for imported LPG and its associated equipment. However, this circular faced criticism for not being gazetted in accordance with the provisions of section 38 of the VAT Act, thereby lacking the necessary legal force. The Order, which grants the same VAT incentives in respect of imported LPG, addresses these concerns by providing a formal legal basis for the VAT incentives previously outlined in the December 2023 circular, as it has now been duly gazetted.



AGENCY GUIDELINES AND CIRCULARS, GOVERNMENT POLICY AND TAX ADMINISTRATION



FIRS AND NEPZA ISSUE GUIDELINES FOR TAX COMPLIANCE BY APPROVED ENTERPRISES OPERATING IN NIGERIAN EXPORT PROCESSING ZONES.

In collaboration with the FIRS, the Nigeria Export Processing Zones Authority (NEPZA) on 21 February 2024, released a circular with no. NEPZA/LS/SF/161/1/21022024 titled, “Guidelines for Tax Compliance by Approved Enterprises Operating in Nigeria Export Processing Zone” (the **Guidelines**). The Guidelines apply only to approved enterprises operating within the Nigeria Export Processing Zones (EPZs) and aim to provide clarity and standardization in the tax compliance procedures for these approved enterprises.

The Guidelines recognize the existence of tax incentives enjoyed by approved enterprises, some of which include the benefit of non-taxable profits of approved enterprises arising from activities undertaken within the EPZs and exemption of licensed approved enterprises from payment of VAT upon purchasing goods within custom territory. These notwithstanding, the Guidelines denote in specific terms, certain qualifiers which may limit or restrict the ability of these approved enterprises to enjoy tax incentives under the NEPZA Act. Some of these restrictions include operating within the EPZs with an invalid licence, or with no licence at all, or engaging in unapproved activities, amongst others.

In addition, it is expected that these approved enterprises satisfy the following tax obligations:



Filing of annual income tax returns as at when due in compliance with the extant provisions of the law. This obligation also extends to companies exempted from incorporation or income tax in which case, they are expected to file income tax self-assessment returns with the FIRS at least once a year.



Collecting and remitting VAT on services provided to entities outside the EPZs or to approved enterprises with invalidated licenses.



Deducting and remitting WHT to the FIRS on applicable transactions involving non-approved enterprises.



Withholding applicable taxes from payments to non-resident companies/individuals and remitting them to the FIRS.



Maintenance of proper books of accounts.



Maintenance of accurate records of employees.



Complying with the Nigerian Transfer Pricing Regulations for transactions with related parties.



Subjecting themselves to routine compliance audits by the FIRS, with defaulting approved enterprises facing potential sanctions and penalties.

It is pertinent to note that by the provisions of the Guidelines, the FIRS grants a waiver of interest and penalties for non-compliance with tax return obligations under the Finance Act 2020 till date. Further, a moratorium period which had lapsed on 31 March 2024 was granted to enable free zone entities file up-to-date returns before penalties are imposed and interest accrues.

Although the Guidelines stipulate specific tax compliance procedures; and provide clarity on the tax obligations of approved enterprises within the EPZs, it is left to be seen the extent to which the benefits afforded by the Guidelines were maximized by the approved enterprises, especially in relation to the moratorium period and waiver offered under the Guidelines.



FIRS ANNOUNCES MIGRATION FROM E-TPPLAT TO TAX PRO-MAX PLATFORM FOR THE FILING OF TRANSFER PRICING RETURNS AND COUNTRY BY COUNTRY REPORTING NOTIFICATIONS

In line with the FIRS' commitment to continuously improve the efficiency of its processes, and to alleviate compliance burden on taxpayers, the FIRS by a public notice announced that the annual filing of TP returns as well as Country-by-Country Reporting (CbCR) notifications have been migrated from the e-TP platform to the TaxPro-Max platform. Accordingly, taxpayers will now be able to make the aforementioned filings using their regular login credentials. Taxpayers have also been granted the liberty to re-file returns previously filed on the e-TP platform.

Additionally, taxpayers have been offered the opportunity to regularize and file their outstanding Transfer TP returns and CbCR notifications till 30.06.2024. According to the public notice, taxpayers who file their outstanding TP and CbCR reports on or before 30.06.2024, will be eligible for a waiver of all administrative penalties associated with those filings. These penalties encompass those previously imposed or potentially imposed by the FIRS under the TP Regulations and CbCR Regulations.

Accordingly, taxpayers are advised to initiate their relevant filings as soon as possible, to avoid the imposition of penalties.

Registration Form



FIRS INTRODUCES SELF-REGISTRATION MODULE ON TAX PROMAX PLATFORM

The FIRS has announced a significant reform aimed at enhancing the ease of doing business and prioritizing customer satisfaction. This reform involves the introduction of a self-registration module on the TaxPro-Max platform, as detailed in a public notice issued by the FIRS.

According to the notice, the self-registration module enables newly registered business entities to independently complete their tax registration with FIRS. This streamlined process is designed to empower taxpayers, allowing them to finalize their registration from the convenience of their offices or homes, thereby saving valuable time and resources. Specifically, the public notice clarifies that any newly registered corporate or business entity automatically assigned a Tax Identification Number (TIN) by the Corporate Affairs Commission (CAC) can now seamlessly complete their registration with FIRS on the TaxPro Max platform.

The introduction of this self-registration functionality is expected to foster an efficient and transparent tax system, ultimately benefiting both taxpayers and the government. This latest reform aligns with FIRS' ongoing efforts to enhance the business environment, boost revenue generation, and expand its taxpayer base.



FIRS ISSUES CIRCULAR ON THE APPLICABILITY OF THE MIDSTREAM CAPITAL AND GAS UTILIZATION INVESTMENT ALLOWANCE

On 19 April 2024, the Federal Inland Revenue Service (FIRS) issued Information Circular No: 2024/02 titled “Guideline on the Applicability of the Midstream Capital and Gas Utilization Investment Allowance,” (the **Guideline**) to provide guidance on the implementation of the midstream capital and gas utilization investment allowance (GUIA) granted under the Oil and Gas Companies (Tax Incentives, Exemption, Remission, etc.) Order, 2024 (Tax Incentives Order) (see our discuss on this Tax Order in our [Q1 Tax Newsletter](#)).

The Guideline specifies that the GUIA shall apply to qualifying capital expenditure incurred on plant and equipment acquired by midstream gas companies in respect of any new or ongoing project in the midstream sector. Issued pursuant to Part II of the Tax Incentives Order, sections 23 (2) and 89 of CITA, the Guideline outlines the conditions for eligibility for the GUIA.

Thus, for a company to be eligible, such company must ;

- be engaged in one or more of the following midstream operations viz: transportation of natural gas to gas processing and conditioning plants; or transportation of natural gas from gas conditioning and processing plants to gas-based industries and other end-use customers; or gas conditioning and processing plants; or gas bulk storage infrastructure utilised for holding stock of plant condensates, liquefied natural or petroleum gas.
- obtain the relevant licence in respect of any of the above midstream operation from the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA).
- have incurred qualifying capital expenditure on plant and machinery utilised in respect of any of the above midstream operation.
- show that the qualifying capital expenditure was incurred from 28.02.2024 which is the commencement date of the Tax Incentives Order.
- show evidence of ownership of the qualifying plant and equipment and proof of direct use of same for gas processing and transportation in midstream gas operations.
- have exhausted the tax-free period granted under section 39(1) of CITA.
- provide certified information on new and ongoing projects to the NMDPRA and FIRS to process GUIA.

In light of the above, the Guideline stipulates certain instances where the GUIA will not apply.

These instances include;

- a. where the plant and machinery is sold or transferred to a company that is not engaged in similar or related midstream operations within five years of incurring the expenditure; or
- b. where there is an appropriation of the plant and machinery within five years of incurring the expenditure for purposes other than gas utilisation; or
- c. where the cost of the plant and machinery is an artificial or fictitious transaction; or
- d. where the company is in itself, an end-product user of gas.

The allowance is set at a rate of 25% of the actual expenditure on qualifying plant and equipment. It is expected that any company that sells or transfers plant and expenditure which had been subjected to GUIA must disclose particulars of same to the FIRS within three months of the sale or transfer. It is important to note that the application of the GUIA does not affect any allowable deductions, incentives or allowances available to any eligible company.



FIRS ISSUES CIRCULAR ON THE APPLICABILITY OF GAS TAX CREDITS AND ALLOWANCES FOR NON-ASSOCIATED GAS GREENFIELD DEVELOPMENT



*GTC is available to companies that have achieved first gas production, with a hydrocarbon liquid content limit of 100 barrels per million standard cubic foot (SCF), on or before **01 January 2029***

This Information Circular No. 2024/01 released on 19 April 2024 (the Circular) provides guidance on the application of gas tax credits (GTC) and gas tax allowances (GTA). It was issued pursuant to the Oil and Gas Companies (Tax Incentives, Exemption, Remission, etc) Order, 2024, Sections 23(2) and 89 of CITA which constitutes its legal framework. The incentives are targeted at companies holding licenses or leases for greenfield development of non-associated gas in onshore and shallow water locations.

GTC is available to companies that have achieved first gas production, with a hydrocarbon liquid content limit of 100 barrels per million standard cubic foot (SCF), on or before 01 January 2029. To calculate the GTC available to a company, the lower of these two amounts shall apply: \$1 per thousand standard cubic feet or 30% of the fiscal gas price, where the hydrocarbon liquids content does not exceed 100 barrels per million SCF. This form of tax credit that can be used to defray the tax liability of an eligible company in an accounting/tax period. In the event that the GTC exceeds the company income tax payable by an eligible company, the surplus can be carried forward for a maximum of three (3) years after which any GTC surplus will lapse.

In contrast, the GTA shall be available to a company at the rate of \$0.50 per thousand SCF or 30% of the fiscal gas price, whichever is lower, where the hydrocarbon liquids content does not exceed 100 barrels per million SCF. Companies that have achieved first commercial gas production, not exceeding hydrocarbon liquid content restriction of 100 barrels per million SCF, after 01 January 2029, are eligible to claim this GTA. The GTA shall be deductible from the assessable profit of an eligible company, in arriving at its total profit. Although, the maximum duration for claiming a GTC is 10 years, a company may however transition from GTC to GTA after 01 January 2029 provided that its gas production level satisfies the hydrocarbon liquid content specifications.

The Circular further stipulates that companies eligible for GTC and GTA cannot claim the Associated Gas Framework Agreement (AGFA) incentive for the same NAG greenfield development. To ensure compliance, companies are therefore mandated to file separate tax computations in respect of the NAG greenfield development.



FIRS CIRCULAR ON TAX TREATMENT OF FOREIGN EXCHANGE TRANSACTIONS

On 14 June 2024, the FIRS issued a circular on the tax treatment for foreign exchange transactions in Nigeria (the **Circular**). In contrast to the FIRS circular on “Tax Implications of the Adoption of the International Financial Reporting Standards (**prior Circular**)” which was issued in March 2013, and which aligns the tax implications of IAS 21 to the financial reporting treatment, the Circular deviates from the financial reporting treatment in line with IAS 21, by adopting a different approach to the tax treatment of effect in changes in foreign exchange rates.

Unlike the prior Circular, the Circular broadly classifies foreign exchanges differences into two, based on the nature of the underlying transaction and nature of business of the taxpayer. Thus, a foreign exchange difference may be:

Revenue difference

arising from income generating transactions with has the tendency of affecting the assessable profits of a company for tax purposes; or



Capital difference

arising from non-income generating transactions of a company with the gains liable to capital gains tax under the Capital Gains Tax Act.



Either of the above may be deemed to be an unrealized or realized exchange difference.

Treatment Of Revenue Difference

For an unrealized exchange difference arising from revenue impacting transactions, the difference does not result in the actual receipt or payment of the revalued sum¹². Thus, this difference is simply recorded in fulfilment of a company’s accounting or reporting obligations in line with IAS 21 “**the effects of changes in foreign exchange rates.**” In other words, an unrealized difference does not impact positively or negatively on the tax liability of a company and would be neutral for tax purposes (gain or loss), when computing the assessable profits of a company.

On the other hand, a realized difference denotes that the revalued sums have been received or paid by the company. In this instance, the foreign exchange difference affects the tax position of a company, as it may increase (in the case of realized exchange gains) or decrease (in the case of realized exchange losses) the tax payable by a company.



Treatment Of Capital Exchange Difference

Capital exchange difference arises from non-income generating transactions of a capital nature. Thus, by the provisions of section 27(a) of CITA, which prescribes that capital expenditure is not tax deductible, any realized capital exchange loss from non-current assets will not be deductible for tax purposes. The loss can however be claimed as qualifying capital expenditure, for the purposes of capital allowances. Conversely, any realized capital exchange gain will be subject to capital gains tax at the prevailing rate¹³. For an unrealized capital exchange difference, any loss or gain therefrom will not affect the computation of the tax liability of a company.

12. Revalued sum refers to the amount paid upon settlement of the foreign exchange transaction which recognises the increase or decrease in the initial rate of the foreign exchange transaction.

13. The rate is 10% in line with section 2 of the Capital Gains Tax Ac, CAP 354, LFN 1990



NIGERIA ADVOCATES FOR UN FRAMEWORK ON INTERNATIONAL TAX COOPERATION TO BOOST AFRICAN DEVELOPMENT

At the 79th United Nations General Assembly (UNGA) in New York on 17 September 2024, Nigeria's Minister/Chargé d'Affaires Ad Interim of Nigeria's Permanent Mission to the United Nations, Syndoph Endoni, called for the establishment of a United Nations (UN) Framework Convention on International Tax Cooperation to bolster economic development across Africa.

The event, organized in collaboration with various international entities, aimed at promoting sustainable investments and interventions. Endoni emphasized the challenges faced by developing countries, including Nigeria, in achieving the Sustainable Development Goals (SDGs), particularly those related to economic growth, industry, and responsible consumption. He noted that Africa's Foreign Direct Investment (FDI) remains low, accounting for only 3.5% of the global total.

Endoni advocated for targeted measures to stimulate local production in sectors like agriculture and entertainment. He also stressed the need for a more equitable and rules-based multilateral trading system. Nigeria reaffirmed its commitment to implementing the SDGs and expressed hope for strengthened partnerships to foster business development in the Global South.

It is worth mentioning that Nigeria's advocacy for a UN Framework Convention on International Tax Cooperation reflects its commitment to promoting economic development in Africa. Given Nigeria's rejection of OECD 2-pillar solution, this call emphasizes Nigeria's fixation on leveraging the UN led international cooperation to drive its interest in safeguarding its taxing rights with respect to multinational entities.



FIRS LAUNCHES USSD CODE TO FACILITATE SEAMLESS SERVICE DELIVERY

In a bid to ensure their dedication to creating a tax system that is efficient, transparent, and responsive to the need of taxpayers, the FIRS, on 09 November 2024, launched an Unstructured Supplementary Services Data Code (**USSD Code**) *829#. The launch of this USSD Code is specifically aimed at improving taxpayers' satisfaction. By this initiative, taxpayers with access to any mobile telecommunication network in the country can connect with FIRS real-time on issues relating to the retrieval of TIN, verification of Tax Clearance Certificates (**TCC**), locating the nearest FIRS office, access information on tax types and tax rates, and other tax related enquiries.

The FIRS also simultaneously unveiled the Customer Centricity Guide (**CCG**), a booklet containing policies, processes and procedures that regulate FIRS interaction with taxpayers. The CCG contains principles and values that will ensure that every engagement with taxpayer is defined by respect, professionalism and efficiency.

The FIRS' launch of the USSD Code, and the CCG are proactive steps in improving access to tax services and taxpayer experience. Overall, this development promises an enhancement of tax compliance in Nigeria.



LAGOS STATE TO PROVIDE TAX INCENTIVES FOR START-UPS VIA INNOVATION BILL

The Innovation Bill is geared toward easing the process of doing business for startups in the State, and Tax incentives reduces financial pressure, enabling startups to redirect funds into growth-focused areas of their business such as research and development

The Lagos State Government, through the Lagos State Commissioner for Innovation, Science, and Technology, Tunbosun Alake, revealed that an Innovation Bill is on the way to being enacted by the Lagos House of Assembly. The bill, simply referred to as the Innovation Bill by the Commissioner, is intended to address some issues which startups in Lagos face particularly in areas such as registration, incorporation, and access to patents. Additionally, the Innovative Bill will reduce the tax burden of startups by providing appropriate tax incentives.

Lagos is one of Africa's fastest growing cities in terms of technology startups, as it is home to more than 600 startups, accounting for about 71% of the total number of startups in Nigeria¹⁴. This places the city in an ideal position to become the leading startup city in the continent. According to the Commissioner, the Innovation Bill will help drive the development of startups faster in Lagos State. It will provide startups with tax benefits, streamline the process for accessing patents, and make it easier for universities to engage in research and development.

The Innovation Bill is geared toward easing the process of doing business for startups in Lagos State, and while we have not sighted the Bill at the time of publication, we predict that the tax incentives may be similar to the incentives already provided by the Federal Government for startups under the Nigeria Startup Act 2022 which among other reliefs, allowed startups to fully deduct expenses on research and development (R&D) incurred within Nigeria¹⁵ and also exempted startups from mandatory contributions to the Industrial Training Fund (ITF).¹⁶

The importance of tax incentives for startups cannot be overlooked by a city such as Lagos, which intends to attract the establishment of even more innovative companies. Tax incentives generally reduce financial pressure, and this enables startups to redirect funds into growth-focused areas of their business such as research and development. By providing reliefs to startups, the state government is taking a step in the right direction to making Lagos Africa's top hub for startups.



14. Startup Blink. The Startup Ecosystem of Lagos: City Ranking <https://www.startupblink.com/startup-ecosystem/lagos-ng>

15. Section 25(3) of Nigeria Startup Act 2022

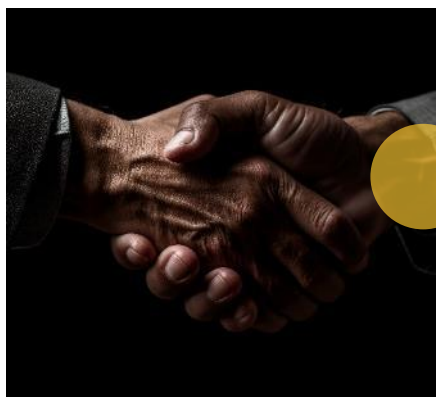
16. Section 25(5) of Nigeria Startup Act 2022



FIRS ISSUES GUIDELINES ON ADVANCE PRICING AGREEMENTS

In the bid to provide certainty on the transfer pricing (TP) treatment of transactions, resolve potential TP issues and ensure consistency and fairness in TP outcomes, the Federal Inland Revenue Service (FIRS or the Service) on 27.11.2024, released the Advance Pricing Arrangement (APA) Guidelines (the Guidelines). These Guidelines, issued pursuant to section 8(1)(u) of the FIRS (Establishment) Act 2007 (as amended) and regulation 9(12) of the Income Tax (Transfer Pricing) Regulations 2018, with effective date of 01.01.2025, are intended to provide guidance to taxpayers, tax practitioners, tax officers and the general public on advance pricing arrangement in Nigeria.

Some notable provisions under the Guidelines include:



Nature And Purpose Of Advance Pricing Agreement

Per the Guidelines, the APA would be a voluntary arrangement between a taxpayer and a tax authority, to determine in advance of controlled transactions, the appropriate set of criteria (such as transfer pricing methodology, comparable, and appropriate adjustments thereto, as well as critical assumptions), to ensure that the transfer price of those controlled transactions are in accordance with the arm's length principle. Although the APA is slated for a fixed period, it is expected that the APA would be beneficial to both the taxpayer and tax authority, eliminating tax evasion and possible litigations arising from TP disputes.



Forms of an APA

Notably, the recognised forms of an APA under the Guidelines are the **unilateral, bilateral and multilateral APAs**. An APA is unilateral if it involves only the Service and a taxpayer and does not include the participation of a tax treaty partner. However, a bilateral APA involves a taxpayer in Nigeria, its connected persons resident in a foreign country, the Service and the competent authority of that connected person and is negotiated by applying the mutual agreement procedure provisions of the relevant tax treaty. A multilateral APA, which is almost akin to a bilateral APA involves a taxpayer resident in Nigeria, its connected persons resident in two or more foreign countries, the Service and the competent authorities of the connected persons in those countries. To ascertain the most appropriate form of APA applicable to any controlled transaction, a taxpayer must consider amongst others, the existence or otherwise of tax treaties and reciprocal APA programmes in the jurisdiction of its connected persons as well as such other factors that may influence a taxpayer's choice of an APA.



Forms of an APA

An APA shall be applicable to the following persons¹⁷ and transactions¹⁸:



Two or more connected persons;



A permanent establishment, fixed base or taxable presence;



Two permanent establishments, fixed bases or other taxable presence of the same person; and



Controlled transactions of the taxpayer as agreed by the FIRS which includes transfer of intangible or tangible property or service etc.



Eligibility For An Apa Application

Eligibility for an APA is tied to the twin elements of residence of the taxpayer and the threshold of the controlled transactions. Thus, to be eligible for an APA application to the Service, the taxpayer must be a company resident in Nigeria or a non-resident company having a permanent establishment, significant economic presence, or any other taxable presence in Nigeria with controlled transactions that satisfy the minimum threshold below:¹⁹

01

the equivalent of **USD\$10 million** for each covered controlled transaction (single transaction) for each year; or

02

the equivalent of **USD\$50 million** in the case of a group of covered controlled transactions (group transactions) for each year covered in the APA.

Notably, the taxpayer shall be responsible for all costs directly incurred by the Service in the processing of an APA application which include costs of engaging an expert, travel costs for field visitations amongst others. The Guidelines also make provision for how these costs would be payable to the Service.²⁰

17. Paragraph 7 of the APA Guidelines 2024

18. Paragraph 11.2 of the APA Guidelines 2024

19. Paragraph 11.3 of the APA Guidelines 2024

20. Paragraph 11.1 of the APA Guidelines 2024



Application And Operation Of An APA

An application for an APA by an eligible taxpayer must pass the following process: pre-filing meeting; formal application; analysis and evaluation; negotiations and agreements; and lastly, drafting, execution and monitoring. Given the inherent nature of an APA (which is made in advance of the controlled transactions), all determinations in the APA are based on factual assumptions of the proposed controlled transaction and must therefore be closely monitored and reviewed annually to ensure material conformity with these assumptions during the period of the APA. The APA binds both the taxpayer and Service and the latter cannot unilaterally make TP adjustments on the taxable profits arising from any covered controlled transactions, provided that the taxpayer is compliant with all terms of the APA and there is no deviation from the critical assumptions therein.



Duration Of An APA

An APA is applicable for a period not exceeding three years with such start date as indicated on the APA. This start date shall be made to correspond with the beginning of the taxpayer's financial year or such other mutually agreed financial year.²¹ The Guidelines also include provision for the retroactive application of the APA (rollback) to similar controlled transactions of prior years not exceeding three years, before the start date of the APA, in so far as the transactions and conditions align with the APA terms²². If agreed to by parties involved, and should the taxpayer demonstrate compliance with the original terms of the APA, the APA may be renewed for an additional three (3) years²³.



Annual Compliance Report

Taxpayers are compelled by the Guidelines to submit, an Annual Compliance Report (ACR) detailing actual results and demonstrating adherence to the agreed terms²⁴. Further, the ACR shall be supported by a financial analysis showing compliance with the APA as well as detailed information on any adjustments made. The ACR shall be due for filing on the due date for filing the annual income tax returns of the company. It is pertinent to note that non-compliance may lead to termination or discontinuance of the APA.



Audit

Per the Guidelines, controlled transactions of taxpayers may be audited in any given year as the existence of an APA is not tantamount to an exclusion from audit. However, such audits will be restricted to issues which are not covered by the APA²⁵. Again, the subsistence of an audit does not preclude a taxpayer from applying for an APA where the APA is intended to cover transactions not being audited.²⁶

The Guidelines, with the emphasis on certainty, transparency, and collaboration in transfer pricing matters, offer the potential to enhance the efficiency of cross-border tax administration and bolster the integrity of Nigeria's tax system.

21. Paragraphs 9 and 19 of the APA Guidelines 2024

22. Paragraph 21 of the APA Guidelines 2024

23. Paragraph 24.0 (i) APA Guidelines 2024

24. Paragraph 22 of the APA Guidelines 2024

25. Paragraph 25(i) of the APA Guidelines 2024

26. Paragraph 25(ii) of the APA Guidelines 2024

PART
04



OUTLOOK FOR 2025



THE TAX REFORM BILLS

In line with its commitment to reforming Nigeria's fiscal and administrative frameworks, the FGN transmitted four tax bills²⁷ to the National Assembly on October 3, 2024. This development follows the work of the Presidential Fiscal Policy and Tax Reforms Committee (the **Committee**), which was inaugurated by the President in 2023.

The Committee, chaired by Taiwo Oyedele, was tasked with ensuring effectiveness in the design and implementation of fiscal policies and tax reforms to drive economic prosperity. As part of its mandate, the Committee drafted the Tax Reform Bills to address inefficiencies in the current tax framework, enhance revenue mobilization, and streamline compliance mechanisms.

In the paragraphs that follow, we highlight some of the key proposals introduced by these bills and examine their potential implications for Nigeria's tax administration system.



THE NIGERIA TAX BILL, 2024

The objective of the Nigeria Tax Bill (NTB) is to provide a unified fiscal legislation governing taxation in Nigeria. In other words, the Bill aims to create a single, comprehensive legal framework for all aspects of taxation in the country, by consolidating all fiscal legislations into one Act.

Some notable proposals of the Bill are as follows:

Secondary Liability

The NTB introduces the concept of secondary tax liability, by providing for the taxation of a company either in its own name or in the name of its principal officer, attorney, factor, agent, representative, receiver, liquidator or administrator. A similar provision exists for the taxation of an individual, allowing for taxes to be levied in their own name or in the name of their family, trustee, estate administrator, attorney, agent, or representative in Nigeria.²⁸

Reduction in Company Income Tax Rate

The NTB establishes a unified income tax rate for companies in Nigeria, introducing a 27.5% tax rate for the 2025 YoA and a reduced rate of 25% from the 2026 YoA onwards. This effectively eliminates the distinction between large and medium companies with respect to income tax rates, as currently provided under the existing provisions of the CITA.²⁹

27. *The Nigeria Tax Bill; The Nigeria Tax Administration Bill; Nigeria Revenue Service Establishment Bill; Joint Revenue Board Establishment Bill*

28. *Section 5 of the Nigeria Tax Bill*

29. *Section 56 of the Nigeria Tax Bill*



Elimination of Minimum Tax and introduction of Minimum Effective Tax Rate

The NTB abolishes the minimum tax regime previously established under Section 33 of the current CITA and introduces a new framework based on a minimum **Effective Tax Rate (ETR)** of 15%. This new regime applies to:

01

Constituent Entities of Multinational Enterprise (MNE) Groups; and

02

Any company with an aggregate turnover of **₦20,000,000,000** or more in the relevant year of assessment.

Under this provision, if a company's ETR falls below the 15% threshold, it will be required to calculate and pay a top-up tax to bring its ETR to the prescribed minimum rate³⁰. Additionally, Section 120(8) extends this ETR requirement to organisations and persons resident in treaty countries, ensuring that treaty benefits do not result in an ETR below the global minimum.

This proposed amendment aligns with the OECD Pillar 2 framework, which establishes a global minimum tax rate of 15% through the Global Anti-Base Erosion (**GloBE**) Rules. These rules are designed to counter tax base erosion and ensure that large MNEs pay a fair share of tax in jurisdictions where they operate.

Introduction of Controlled Foreign Corporation Rules

The NTB introduces Controlled Foreign Corporation (**CFC**) rules into Nigerian taxation, aimed at addressing profit-shifting practices by MNEs. Specifically, the NTB provides that if a foreign subsidiary of a Nigerian company does not distribute its profits in a given year, the portion of those profits attributable to the Nigerian parent company—which could have been distributed without negatively impacting the subsidiary's business—will be treated as distributed. This deemed distribution is then included in the taxable income of the Nigerian parent company.³¹

CFC rules ensure that profits are taxed where the economic activities generating those profits occur and where value is created. By requiring parent companies to include certain income of their foreign subsidiaries into their taxable income, CFC rules discourage the use of foreign subsidiaries in low-tax jurisdictions to erode the tax base of the parent company's home country.

This provision ensures that profits retained offshore by foreign subsidiaries controlled by Nigerian companies are not used as a means of tax avoidance. Instead, these profits are subject to tax in Nigeria, thereby protecting the country's tax base and promoting a fairer allocation of tax revenues.

However, while the provision aims to prevent Nigerian parent companies from deferring tax by retaining profits in foreign subsidiaries, a balanced approach is critical to ensure Nigeria remains an attractive investment destination. Broad CFC rules may place Nigerian MNEs at a competitive disadvantage compared to MNEs in jurisdictions with narrower or no CFC rules, potentially discouraging foreign investment and hindering the global competitiveness of Nigerian companies. It is also pertinent to note that the provision does not define what constitutes a CFC, applies CFC rules to all income—including income linked to a Nigerian permanent establishment—and fails to establish exemptions or thresholds to limit its scope.



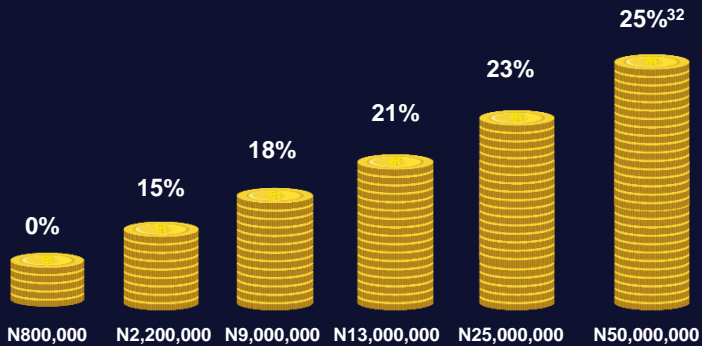
30. Section 57 of the Nigeria Tax Bill

31. Section 6(2) of the Nigeria Tax Bill



Revision of Personal Income Tax Rate

The NTB prescribes a significant revision of the income tax rates of salaries. The varied rates are provided below:



Introduction of Rent Relief and Removal of Consolidated Relief Allowance

The consolidated relief allowance scheme under the extant PITA has been abolished. However, the NTB introduces a new eligible deduction for personal income tax purposes, in the form of a rent relief. This relief is capped at ₦200,000 or 20% of the annual rent paid, whichever is lower. To qualify, the individual must accurately declare the actual rent paid, along with any other relevant information as may be prescribed by the tax authority ³³

Harmonisation of CGT with Income Tax

The NTB introduces a substantial revision to the Capital Gains Tax (CGT) regime by incorporating CGT as part of the total profits of a company or individual, subject to deductions for losses and certain personal exemptions³⁴. The key implication of this change is a significant increase in the CGT rate, particularly for taxable persons who do not have business or trading income but realize gains from asset disposals. Under the existing CGT Act, such persons are taxed at a rate of 10%. However, under the NTB, they will face a significantly higher tax rate of 27.5% or 25%, depending on the year of assessment for companies. For individuals, the tax rate will align with the applicable income tax rates, which could result in a substantially higher tax liability.

32. Fourth Schedule to the Nigeria Tax Bill

33. Section 30(2)(a)(vi) of the Nigeria Tax Bill

34. See sections 27 and 28 of the Nigeria Tax Bill.

Small Business Threshold

The threshold for categorizing small businesses has been raised from a gross turnover of less than ₦25 million to less than ₦50 million³⁵. This adjustment broadens the scope of companies eligible for small business classification, thereby extending the associated tax benefits and regulatory reliefs to a larger pool of enterprises.



Taxation of Free Trade Zones

The NTB provides that the profits of entities licensed to operate in a relevant zone are fully exempt from tax if 100% of their sales arise from:



The export of goods or services produced by the entity, or



The sale of inputs for goods or services exclusively meant for export.

However, where at least 75% but less than 100% of the goods or services produced are exported (or used as inputs for exported goods or services), the entity's profits from sales within the customs territory will be taxed proportionally.

Additionally, if more than 25% of the sales of a licensed entity occur within the customs territory in a year of assessment, the entire profits of the entity will be taxed in Nigeria, and all reliefs under the Act and the law of the relevant zone will not apply.³⁶

This provision incentivizes entities operating in relevant zones to focus their production efforts on export markets, potentially boosting foreign exchange earnings and fostering economic growth.

35. Section 203 of the Nigeria Tax Bill

36. Section 60 and the Second Schedule to the Nigeria



Exemption on Disposal of Shares

The NTB proposes that gains from the disposal of shares will be exempt from taxation if the disposal proceeds are less than ₦150,000,000 and the chargeable gains do not exceed ₦10,000,000³⁷. This represents an expansion of the exemption threshold under the current CGT Act, which exempts chargeable gains from tax only where the disposal proceeds are below ₦100,000,000. Notably, the NTB removes the current exemption for chargeable gains when proceeds are reinvested in another Nigerian company, as provided under section 30 of the CGT Act. This change could impact taxpayers who rely on reinvestment strategies to defer tax liabilities.

Introduction of Development Levy

The NTB introduces a Development Levy, applicable to the assessable profits of companies other than small and non-resident companies. The levy is structured as follows: 4% for the YoAs 2025 and 2026, 3% for YoAs 2027 to 2029, and 2% from the YoA 2030 onwards³⁸. This Development Levy replaces several earmarked taxes, including the TETFund Levy (charged at 3% of assessable profits), the NASENI Levy (0.25% of profit before tax), and the NITDA Levy (1% of profit before tax).

Per the provisions of the NTB, revenue from the Development Levy will be allocated directly to the respective agencies as specified under its provisions. By consolidating these levies into a single charge, the introduction of the Development Levy is expected to streamline the tax framework and reduce the effective corporate tax rate³⁹.

Introduction of Economic Development Incentive

The NTB introduces the Economic Development Tax Incentive (EDTI) as a replacement for the Pioneer Status Incentive established under the Industrial Development (Income Tax Relief) Act. Under the EDTI framework, specific sectors are designated as priority sectors for which incentives may be granted, as outlined in the Eleventh Schedule to the Act⁴⁰. Upon a company's successful application for the EDTI, it is issued an Economic Development Incentive Certificate, enabling access to the incentive⁴¹.

The tax payable on profits derived from priority products or services during the priority period is converted into an Economic Development Tax Credit. This credit can be used to offset the company's tax liabilities in any year of assessment within the priority period⁴². Unutilized credits at the end of the priority period may be carried forward for an additional five assessment years to offset future tax liabilities. However, any unused portion of the credit after this period will lapse and cannot be applied to reduce tax obligations.

Taxation of Free Trade Zones

The NTB proposes a phased increase in the Value Added Tax (VAT) rate applicable to all taxable supplies as follows:

- **2025 Year of Assessment (YoA):** VAT will increase from the current 7.5% to **10%**.
- **2026 to 2029 YoA:** VAT will rise further to **12.5%**.
- **2030 YoA and Beyond:** VAT will be charged at **15%**⁴³

37. Section 34 of the Nigeria Tax Bill

38. Section 59 of the Nigeria Tax Bill

39. Section 59(3) of the Nigeria Tax Bill

40. Section 167 of the Nigeria Tax Bill

41. Section 170 (1) of the Nigeria Tax Bill

42. Section 178 of the Nigeria Tax Bill

43. Section 146 of the Nigeria Tax Bill



The tax reforms are to drive economic prosperity. The bill addresses inefficiencies in the current tax framework, enhance revenue mobilization, and streamline compliance mechanisms.

Introduction of Electronic Invoicing and Fiscalisation for VAT

The NTB mandates taxable persons making taxable supplies to implement a fiscalisation system deployed by the Nigeria Revenue Service (NRS) in accordance with the Nigeria Tax Administration Bill (NTAB)⁴⁴. The implementation of a fiscalisation system aims to improve tax compliance by ensuring real-time reporting of taxable supplies to the NRS. This will reduce the incidence of tax evasion, particularly in sectors prone to underreporting.

Taxable persons will likely incur additional costs for acquiring, installing, and maintaining the required fiscal equipment or software. Notwithstanding the above, the successful rollout of the fiscalisation system depends on the clarity of guidelines to be issued by the NRS and the readiness of businesses to adopt the required technology. Challenges such as technical issues, lack of infrastructure, and insufficient training for users could hinder seamless adoption.

Simplification of the Stamp Duty Regime

The NTB introduces a simplified stamp duties regime, aiming to provide greater clarity on chargeable instruments, the method of denoting the duty, the obligation to pay the duty, and the timing of payment.

Excise Tax on Certain Services

The NTB introduces excise duties on services provided within Nigeria, including telecommunications, gaming, gambling, betting, and lotteries, at rates specified under the Tenth Schedule of the NTB⁴⁵. In cases where an exchange of currency transaction involving the Naira occurs within or outside Nigeria, the following conditions apply:



The transaction must be conducted at an exchange rate not exceeding the prevailing exchange rate at the official market authorized by the Central Bank of Nigeria (CBN).

If the exchange rate of the transaction exceeds the prevailing exchange rate at the official CBN market, the excess amount is to be paid as excise duty by the seller. This excess will be subject to self-assessment by the seller, in line with the provisions of the Nigeria Tax Administration Bill.



The provision governing currency exchange transactions involving the Naira is aimed at maintaining stability and fairness in the foreign exchange market. By requiring transactions to be conducted at official exchange rates, the NTB seeks to curb speculative practices and manipulation of exchange rate thereby eliminating the parallel market and fostering a unified exchange rate regime. The excise duty on transactions that exceed the official exchange rate could act as a disincentive for engaging in black market practices.

44. Section 156 of the Nigeria Tax Bill

45. Section 160(1) of the Nigeria Tax Bill



THE NIGERIA TAX ADMINISTRATION BILL, 2024

This bill aims to provide a clear and concise legal framework for fair, consistent, and efficient tax administration. Its objective is to provide uniform procedures for a consistent and efficient administration of tax laws.

Mutual Interstate/government Tax Administration

The Nigeria Tax Administration Bill (NTAB) empowers a tax authority, with the approval of the relevant government, to delegate the administration of taxes within its jurisdiction to another tax authority. This arrangement is subject to mutually agreed terms between the parties involved⁴⁶. This provision will allow tax authorities to leverage the expertise, systems, and resources of other tax authorities, potentially improving tax collection and reducing administrative burdens.

While fostering collaboration, this provision may raise concerns about risks of inefficiencies or revenue mismanagement. Nonetheless, the success of this proposal will hinge on the clarity of terms, robust oversight mechanisms, and the commitment of involved parties to transparent and effective administration.

Issuance of Tax Identification

The NTAB mandates that relevant tax authorities must register and issue a Tax Identification (Tax ID) to every taxable person upon receiving a request. Should a tax authority refuse to register or issue a Tax ID, it is required to notify the applicant of the decision within two working days of the refusal⁴⁷.

Simplified Income Tax Return for Low-Income Earners and Informal Sector

The NTAB empowers relevant tax authorities to issue guidelines for filing simplified income tax returns. This provision specifically targets low-income earners and individuals operating within the informal sector, offering a streamlined process to encourage tax compliance.⁴⁸

Introduction of the Electronic Fiscal System in relation to the VAT Fiscalisation Framework

The NTAB outlines a framework for the potential deployment of an Electronic Fiscal System (EFS) to facilitate the recording and reporting of taxable supplies. Per the provisions of the NTAB, the tax authority may deploy an EFS, and taxable persons making taxable supplies would then use the system for recording and reporting transactions.

While the NRS is tasked with specifying the fiscalisation system to be adopted and providing a transition arrangement for its implementation, as well as prescribing the technical specifications and security standards for implementing and maintaining the EFS, taxable persons would remain responsible for maintaining accurate records of transactions passing through the EFS.

46. Section 3(3) of the Nigeria Tax Administration Bill

47. Section 8 of the Nigeria Tax Administration Bill

48. Section 15 of the Nigeria Tax Administration Bill



New Regime for Collection of Petroleum Royalties and Filing of Returns

The NTAB makes provisions for the filing of returns of royalty with the Service as well as the power of the Service to make demands for payment of additional royalties upon its assessment⁴⁹. The necessary implication of this provision is that the National Revenue service will be responsible for the collection of royalties under the NTAB as opposed to the Nigerian Upstream Petroleum Regulatory Commission (the NUPRC) which is charged with the determination and verification of royalties to be paid by companies in petroleum production.

Mandatory Filing of Tax Incentives Returns

The NTAB introduces a reporting obligation for all taxable persons benefiting from tax incentives under the NTB. These returns must be submitted in the format prescribed by the NRS and should cover both income tax and any incentives not generally available to all taxpayers⁵⁰.

Mandatory Disclosure of Tax Planning /Advantage Transactions

The NTAB introduces an obligation for taxpayers engaging in transactions aimed at obtaining a tax advantage. Specifically, any person who enters into or plans to enter into a disclosable transaction or agreement, primarily designed to secure a tax advantage, must proactively provide detailed information about the transaction or agreement to the relevant tax authority. This disclosure obligation applies without any notice or request from the tax authority⁵¹.

Compulsory Accreditation of Tax Agents

The NTAB establishes mandatory accreditation requirements for tax agents who represent taxpayers in fulfilling their tax obligations. The relevant tax authority is empowered to specify the criteria and requirements for accreditation of tax agents⁵².

Revision of VAT Revenue Distribution Formula

The NTAB introduces a new revenue-sharing formula applicable to net revenue generated from VAT. This provision, notwithstanding any other laws prescribing revenue-sharing formulas, allocates the revenue as follows:

10%

to the Federal Government

55%to the State Governments and
the Federal Capital Territory**35%**

to the Local Governments

Additionally, the NTAB mandates that 60% of the amount allocated to state and local governments must be distributed on the basis of derivation, ensuring that regions contributing significantly to revenue generation benefit proportionally⁵³. This introduction has however generated controversies and division amongst relevant stakeholders.

49. Section 18 and 19 of the Nigerian Tax Administration Bill

50. Section 26 of the Nigeria Tax Administration Bill

51. Section 29 of the Nigeria Tax Administration Bill

52. Section 32 of the Nigeria Tax Administration Bill

53. Section 77 of the Nigeria Tax Administration Bill



THE NIGERIA REVENUE SERVICE BILL 2024

This bill which repeals the FIRSEA establishes the Nigeria Revenue Service to assess, collect, and account for revenue accruable to the government of the federation. The NRSB seeks to ensure the harmonisation of revenue administration in Nigeria.

Some notable proposals of the Bill include:

Establishment of the Nigeria Revenue Service

The Nigeria Revenue Service Bill (NRSB) establishes the Nigeria Revenue Service, replacing the FIRS, and tasked with the responsibility of administering taxes in Nigeria⁵⁴. This role includes the collection of taxes, enforcement of payment of taxes, conduct of assessment on persons chargeable with taxes etc.

Centralization of Tax Administration under the NRS

The NRSB designates the NRS as the sole authority for administering taxes and revenues under all laws enacted by the National Assembly⁵⁵. This provision establishes a centralized framework that consolidates tax administration functions previously handled by various regulatory agencies. Historically, tax collection responsibilities were shared among multiple entities. For example, the Nigeria Customs Service was responsible for collecting and accounting for customs and excise duties under the Nigeria Customs Service Act, 2023. Similarly, royalties that were previously administered by the NUPRC as provided under the PIA, will now fall under the purview of the NRS.

Publication of Annual Report

Under this bill, the NRS is required to render an annual report of its activities during the immediately preceding year to the Minister⁵⁶. This annual report is inclusive of the audited accounts of the NRS and is to be submitted on the 30th of September each year. This responsibility was created to serve as a check on the powers of the NRS in carrying out its functions under the NRSB, thereby, preventing any form of arbitrariness in the NRS' activities.

Service of Documents

The NRSB introduces acceptable methods for serving notices, summons or other documents on the NRS. Such documents may be delivered directly to the Executive Chairman; sent via registered post or courier service addressed to the Executive Chairman at the NRS's principal office; delivered to a designated email address provided by the Service; or transmitted through other electronic means prescribed by the Service⁵⁷.

This provision establishes a range of service options, enhancing accessibility and flexibility in official communication with the NRS.

Deduction of Unremitted Taxes by the Accountant-General

The NRSB reinforces the responsibility of the Accountant-General of the Federation to deduct unremitted revenue owed by the government or its Ministries, Departments, and Agencies (MDAs) from their budgetary allocations or other funds accruing to them, as provided under the existing FIRSEA. However, the NRSB adds an additional layer of accountability, as it also requires that the Accountant-General act only upon receiving a warrant endorsed by the Executive Chairman of the NRS and approved by a Judicial Officer, as stipulated in the Third Schedule of the NRSB⁵⁸.

While the NRSB provision represents a shift towards a more structured and legally robust process for recovering unremitted taxes, promoting accountability and reducing potential abuse; the added requirement for judicial approval could introduce delays in urgent situations, potentially impacting the timeliness of revenue recovery

54. Section 3 of the Nigeria Revenue Service Bill

55. Section 4 and Second Schedule to the Nigeria Revenue Service Bill

56. Section 26 of the Nigeria Revenue Service Bill

57. Section 36 of the Nigeria Revenue Service Bill

58. Section 39 of the Nigeria Revenue Service Bill



THE JOINT REVENUE BOARD (ESTABLISHMENT) BILL, 2024

This bill seeks to establish a board to harmonize, coordinate, and resolve revenue administration issues in Nigeria.

Some notable proposals of the Bill include:



ESTABLISHMENT OF JOINT REVENUE BOARD

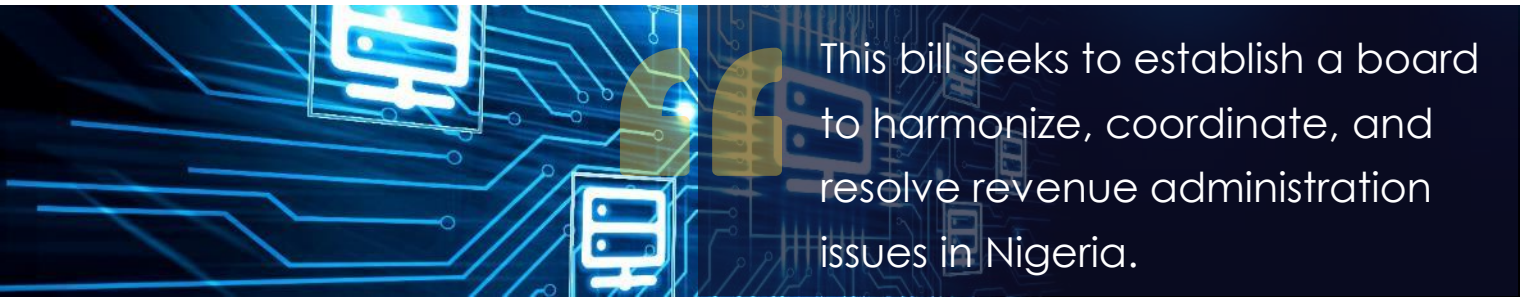
The Joint Revenue Board Establishment Bill (**JRBEB**) establishes the Joint Revenue Board (**JRB**) with expanded functions and membership to replace the Joint Tax Board. This JRB shall have the responsibility of resolving disputes among various tax authorities, advise on double taxation matters in Nigeria, promote the harmonisation of taxes etc⁵⁹. Under the regime, the Joint Tax Board was established under the Personal Income Tax Act and its functions were advisory in nature and limited to functions designated on it by the Minister.

The proposed amendment expands and delineates more particularly the functions of the JRB, thereby unifying revenue collection, reducing leakages in revenue and standardization of tax administration in all states across the federation.



INTEGRATION AND MAINTENANCE OF DATABASE

The JRB in collaboration with the NRS, State Inland Revenue Service and Local Government Revenue Committee, has the responsibility of maintaining a taxpayer ID database⁶⁰. This responsibility to integrate and maintain a database allows for an efficient collection storage and access to taxpayer data and allows the NRS to track tax payment and identify any cases of non-compliance.



This bill seeks to establish a board to harmonize, coordinate, and resolve revenue administration issues in Nigeria.



TAX APPEAL TRIBUNAL

The JRBEB reestablishes the TAT and grants it jurisdiction to settle tax disputes or controversies arising from the administration of tax laws made by the National Assembly or the House of Assembly of a State.

59. Section 3 of the Joint Revenue Board Establishment Bill

60. Section 5(1) of the Joint Revenue Board Establishment Bill



ESTABLISHMENT OF THE OFFICE OF THE TAX OMBUD

The JRBEB establishes the office of the Tax Ombud to serve as an independent and impartial arbiter, conduct enquiries, institute legal proceedings on behalf of a taxpayer and serve as a watchdog against any arbitrary fiscal policy⁶¹. They also have the power to report agencies to the National Assembly or State House of Assembly.

If the JRBEB is passed, Nigeria will join the ranks of countries such as South Africa, Canada, and the United Kingdom, where the establishment of similar institutions has proven instrumental in enhancing taxpayer confidence and improving tax administration. For instance, South Africa's Office of the Tax Ombud plays a crucial role in resolving disputes between taxpayers and the South African Revenue Service (**SARS**), ensuring fairness and efficiency. Similarly, the United Kingdom's Office of the Adjudicator serves as a mechanism for resolving taxpayer grievances independently of HM Revenue & Customs (**HMRC**).



CONCLUSION

The Tax Reform Bills, if enacted, aim to introduce significant changes to tax administration in Nigeria. Their provisions are designed to centralize oversight, streamline processes, and enhance efficiency in revenue collection. These reforms are intended to align Nigeria's tax system with international best practices, potentially fostering improved compliance and facilitating economic growth.

However, the bills have sparked varying reactions. While some stakeholders view the reforms as a step towards modernizing the tax system, others have expressed concerns about certain provisions and their potential implications for businesses and the tax regulatory framework. These differing perspectives highlight the importance of inclusive consultations and careful evaluation to ensure a balanced outcome.

Currently, the bills have passed second reading in the Senate and have been referred to the Committee on Finance for further review. Public hearings and stakeholder engagements are expected to play a crucial role in shaping the final versions of the bills and their impact on Nigeria's tax administration landscape.



THE ECONOMIC STABILISATION BILLS

The Federal Executive Council (FEC) approved the Economic Stabilization Bills (ESB), which incorporate recommendations from the Committee. The ESB is a key component of the FGN's Accelerated Stability and Advancement Plan (ASAP), a strategic initiative spearheaded by the Minister of Finance and Coordinating Minister of the Economy, Mr. Wale Edun. This initiative is designed to tackle significant obstacles hindering reform efforts and to stimulate growth across various economic sectors.

The ESB seeks to amend numerous laws across several sectors.⁶²



POLICY OBJECTIVES OF THE ESB

The changes which the ESB intends to make on existing laws are designed to achieve the following key objectives:



62. The Laws which are amended by the ESB are –
 i. Central Bank of Nigeria Act
 ii. Capital Gains Tax Act
 iii. Companies Income Tax Act
 iv. Companies Income Tax Act
 v. Customs, Excise, Tariff, Etc. (Consolidation) Act
 vi. Federal Inland Revenue Service (Establishment) Act

vii. Fiscal Responsibility Act
 viii. Foreign Exchange (Monitoring and Miscellaneous Provisions) Act
 ix. National Identity Management Commission Act
 x. Nigerian Maritime Administration and Safety Agency Act
 xi. Nigerian Ports Authority Act
 xii. Personal Income Tax Act

xiii. Petroleum Industry Act
 xiv. Tertiary Education Trust Fund Act
 xv. Value Added Tax Act
 xvi. Nigerian Oil and Gas Industry Content Development Act



PROPOSED CHANGES TO BE MADE BY THE ESB

According to Mr. Oyedele's [public clarification](#) on the subject, the ESB intends on making these changes to various laws.

INCOME TAX LAWS

The ESB will amend income tax laws to facilitate employment opportunities for Nigerians living in Nigeria, within the global value chain, including the digital economy. This means the changes in existing income tax laws such as the PITA and CITA will be geared at encouraging businesses and industries to create more jobs for Nigerian residents.



VALUE ADDED TAX

The ESB will introduce zero-rated VAT and ensure an improved incentive regime to promote exports in goods, services, and intellectual property. By introducing zero-rated VAT for certain goods, businesses that sell these items will not charge VAT to their customers, which effectively reduces the indirect tax burden on those products.



GAS SECTOR

Amendments will be made to facilitate an increase in investment in the gas sector. The ESB will also introduce changes which will simplify local content requirements, in a bid to ensure competitiveness in the sector. This will go a long way in driving foreign participation in the Nigerian gas industry.



TAX RELIEFS

The ESB will provide tax reliefs to private sector employers in respect of wage awards and transport subsidies provided to their employees. This means that for employers in the private sector, wage awards (e.g. bonuses) and subsidies on transport will not be taxable. This relief will incentivise employers to provide these benefits to their employees. Another notable tax relief is to be granted to companies that generate incremental employment and retention of their employees for a minimum of three years.



ENHANCEMENT OF REMITTANCES

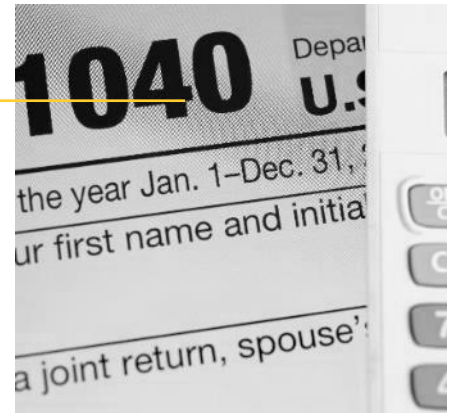
The changes which will be introduced by the ESB will engender fiscal discipline and enhance remittances from government agencies and corporations to the Consolidated Revenue Fund (CRF) of the federal government. The importance of efficient remittance cannot be overlooked, as it guarantees that tax revenue is effectively directed to the CRF and utilized for the greater public good.





SUSPENSION OF CERTAIN TAXES ON SMALL BUSINESSES AND VULNERABLE POPULATIONS

There will be a collaboration between the federal and state governments to suspend certain taxes on small business and vulnerable populations such as road haulage levies and other charges on transportation of goods, business premises registration; animal trade and produce sales tax; bicycle, truck, canoe, wheelbarrow, and cart fees; shops, kiosks and market taxes and levies. This suspension will alleviate the tax burden on individuals who are disproportionately impacted by taxes and levies on activities that yield minimal profits for them.



INTRODUCTION OF TAX IDENTIFICATION CONSOLIDATION AND COLLABORATION (TICC) INITIATIVE

The FGN, in an effort to expand the tax base and widen the tax net of taxable persons in Nigeria, will introduce the TICC initiative. This initiative is expected to foster collaboration among various government agencies involved in the implementation of fiscal and tax policies. Such collaboration will enhance tax identification efforts in Nigeria, leading to more effective and efficient tax administration.



PROVISION OF ADDITIONAL FUNDING FOR THE STUDENTS LOAN SCHEME

The ESB will make amendments to provide additional funding for the Student Loan Scheme which was established by the Student Loans (Access to Higher Education) (Repeal and Re-enactment) Act, 2024.



Given that the ESB aims to amend specific provisions of the existing tax laws, these proposed amendments may become redundant if enacted, as the relevant tax laws it seeks to modify would be repealed upon the passage of the Tax Reform Bills.



FISCAL PROJECTIONS AND STRATEGIES

A SUMMARY OF NIGERIA'S 2025–2027 MEDIUM-TERM EXPENDITURE FRAMEWORK

The 2025–2027 Medium-Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) outlines Nigeria's fiscal projections and the Federal Government's strategies to achieve its economic and fiscal goals. Below is a concise summary of key projections, policy strategies, and associated risks:



KEY FISCAL PROJECTIONS

The changes which the ESB intends to make on existing laws are designed to achieve the following key objectives:

Economic Growth

Real GDP growth is projected to rise steadily from **3.68%** in **2025** to **5.5%** in **2027**. This projected growth is driven by anticipated increased investments in infrastructure, agriculture, and social services, with the bulk of the projected growth coming from the non-oil sector.

Inflation

The inflation rate is projected to decline from an average of **27.85%** in **2024** to **16.94%** in **2025**, remaining at lower double-digit levels over the medium term.

Exchange Rate

The exchange rate is forecasted to average **₦1,400/USD**, reflecting a transition to a market-driven system.

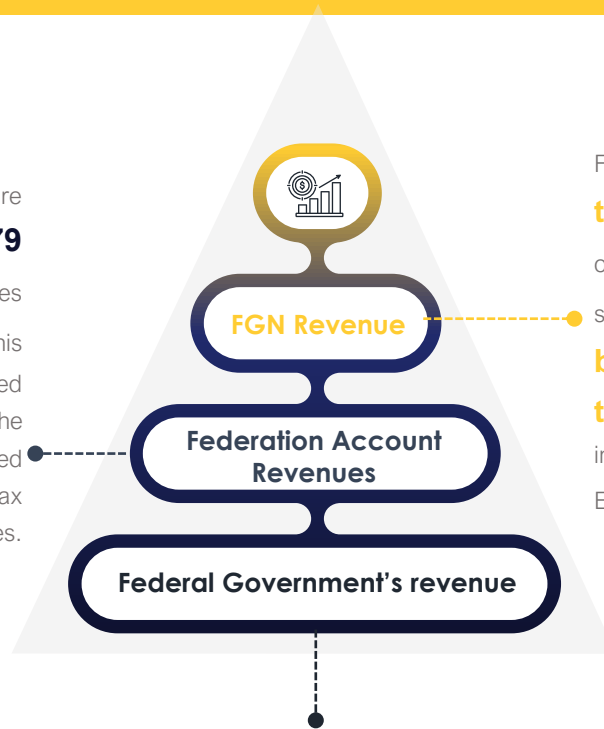
Oil Benchmarks

Crude oil price benchmarks are projected at **\$75 per barrel in 2025**, moderating slightly in subsequent years. Crude production is expected to increase to **2.35 mbpd by 2027**.



REVENUE TARGETS

Total Federation Account revenues are projected to increase to **₦58.79 trillion** in 2025, with oil revenues contributing **₦40.42 trillion**. This increase is predicated on the sustained removal of petrol subsidies, the implementation of a market-determined exchange rate, and growth in non-oil tax revenues.



FGN revenue is projected at **₦34.82 trillion** in 2025, a **34.6%** increase over the 2024 budget. Key revenue sources include oil revenues (**₦19.60 billion**), non-oil tax revenues (**₦13.44 trillion**), and independent revenues, including those from Government Owned Enterprises (GOEs) (**₦686.44 billion**).

The Federal Government's revenue is estimated at **₦34.82 trillion** in 2025, a **34.6%** increase from 2024.



EXPENDITURE AND DEFICITS

FGN Expenditure: Aggregate expenditures for the FGN are estimated at **₦47.90 trillion** in 2025. Key expenditure areas include statutory transfers (**₦4.26 trillion**), debt expenditure (**₦15.81 trillion**), and capital expenditure (**₦16.48 trillion**).

Fiscal Deficit: The budget deficit is projected to be **₦13.08 trillion** in 2025, representing **38%** of total FGN revenues and **3.87%** of estimated GDP. The deficit is expected to be financed largely through domestic borrowing.





KEY STRATEGIES TO ACHIEVE FISCAL PROJECTIONS

OIL REVENUE



Curbing Oil Theft and Pipeline Vandalism: The FG aims to increase oil and gas production by tackling oil theft and pipeline vandalism in the Niger Delta. This will be achieved by introducing technology to track crude oil production and trace stolen crude. The implementation of the Host Community Trust Fund, as stipulated by the Petroleum Industry Act, will be crucial in securing the cooperation of oil-producing communities and reducing disruptions.

Expanding Refining Capacity: The FG plans to aggressively increase domestic refining capacity, with the goal of becoming a net exporter of refined products. This would reduce the reliance on imported refined products and generate additional revenue from exports.

NON-OIL REVENUE



Finance Acts: Per the MTEF & FSP, the FG will continue to leverage provisions in the Finance Act 2019, 2020, 2021, and 2022 to support businesses, expand the tax net, and optimise revenue collection.

Tax Treaty Reviews: The MTEF provides that existing tax treaties will be reviewed and renegotiated where necessary to adapt to changing economic circumstances and ensure optimal revenue generation.

Expanding VAT Collection: The FG plans to expand the list of VAT collection agents in line with Section 14 (3) of the VAT Act to enhance VAT collection efficiency.

Property Taxation: The MTEF highlights the potential of property taxes as a significant source of revenue. The FG intends to implement a robust property tax system to capture this revenue potential.

Tax Administration Reforms: Several measures will be implemented to improve tax administration and expand the non-oil revenue base. These include:

01

Simplifying tax processes through automation and digitalisation (e.g., TaxPro Max and E-services) to encourage voluntary tax compliance and make it easier for taxpayers to fulfil their obligations;

04

Leveraging data analytics to identify and target tax evasion hotspots;

02

Strengthening tax enforcement to address tax evasion and improve compliance;

05

Enhancing the capacity of tax administration staff through training and development; and

03

Widening the tax net, particularly by bringing more businesses and individuals in the informal sector into the tax system;

06

Improving communication and taxpayer education to promote understanding of tax laws and encourage compliance.



NON-OIL REVENUE



Customs Revenue Enhancement: The NCS will focus on improving trade facilitation, service delivery, and revenue generation. Strategies to achieve this include enhancing border controls, automating customs processes, and adopting a risk management approach to combat smuggling and illicit trade; upgrading the Fast Track Trader Programme to facilitate trade for compliant businesses; and ensuring full implementation of the 2022-2026 ECOWAS Common External Tariff.

Optimising Independent Revenues: The FG will continue to improve the operational and collection efficiency of Government Owned Enterprises (GOEs) to boost independent revenue. Key initiatives include streamlining operations of GOEs, enforcing Treasury Single Account (TSA) usage, and subjecting GOEs to rigorous budget scrutiny to ensure timely remittances.



CHALLENGES AND MITIGATION STRATEGIES

The MTEF identifies risks to the successful implementation of the macroeconomic framework as well as measures to be undertaken in mitigating these risks. The risks include high inflation, debt sustainability concerns, oil price volatility, and potential revenue shortfalls.

To address these risks, the MTEF outlines the following mitigation strategies:



Fiscal Prudence and Transparency

Enhancing fiscal management by prioritising critical expenditures, improving budget implementation, and promoting transparency in government finances.



Revenue Diversification

Reducing dependence on oil revenue by expanding the non-oil revenue base through tax reforms and improvements in tax administration.



Debt Management

Implementing a prudent debt management strategy to ensure debt sustainability, optimize the debt structure, and reduce borrowing costs.



Monetary Policy Coordination

Coordinating monetary and fiscal policies to manage inflation, stabilize the exchange rate, and promote economic growth.



Structural Reforms

Addressing structural bottlenecks, including infrastructure deficits, insecurity, and constraints to private sector investment, to enhance economic productivity and resilience.



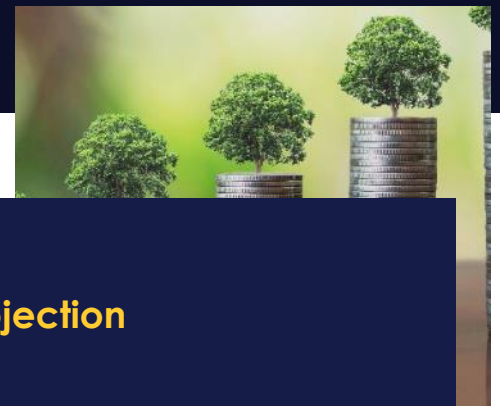
HIGHLIGHTS OF THE 2025 APPROPRIATION BILL

Following the **Renewed Hope Budget of 2024**, the President, on **18 December 2024** presented the 2025 Budget titled the "Budget of Restoration: Securing Peace, Rebuilding Prosperity" to a Joint Session of the National Assembly. This budget proposes a total expenditure of N47.90 trillion, a significant increase from the N27.5 trillion estimated in the 2024 budget. In his address, the President emphasized that the budget reflects his administration's unwavering commitment to promoting peace, prosperity, and a brighter future for Nigeria. Key priority areas in the budget include security, infrastructure development, human capital development, and agriculture.



The Assumptions of the MTEF

The budget proposal is based on key assumptions outlined in the MTEF outlined above. Specifically, the framework estimates a crude oil production target of **2.06 million barrels per day** at an average price of **\$75 per barrel**. This production target exceeds the **1.76 million barrels per day** set in the previous year. While stakeholders have described the projection as ambitious, it is deemed achievable with strict implementation of measures aimed at curbing oil theft and boosting production. Additionally, the MTEF projects an exchange rate of **₦1,400 to \$1** and an inflation rate of **15%**.



Revenue Projection

The 2025 budget projects a total revenue of **₦36.35 trillion**, resulting in a deficit of **₦9.18 trillion**, representing **3.89%** of the budget. This represents a slight increase from the **3.88%** deficit recorded in the previous year. Significantly, the budget projects a substantial **91%** increase in revenue generation compared to the **₦19.60 trillion** projected in 2024. This ambitious revenue target signals the government's heightened focus on fiscal reforms, enhanced revenue collection, and the reduction of leakages, indicating a determined effort to boost revenue generation in the year ahead.





FISCAL PROJECTIONS FOR 2025

The fiscal projections for Nigeria in 2025 will be examined under two key scenarios:



If the Tax Reform Bills pass, and



If the Tax Reform Bills do not pass.

These scenarios will shape the country's economic strategies, tax collection mechanisms, and the broader fiscal outlook for the year. The implementation of the proposed tax reforms will significantly influence tax revenue, compliance efforts, and institutional structures, while the failure of the bills will necessitate continued revenue enhancement measures, potentially alongside other fiscal adjustments.



IF THE TAX REFORM BILLS PASS

If the Tax Reform Bills are passed and signed into law, we project that implementation will begin 90 days after, in accordance with the National Tax Policy. Several key changes will be implemented, each with a significant impact on fiscal projections:

Tax Rate Adjustments:

One immediate consequence of the Tax Reform Bills will be a revision of tax rates for both corporate and individual taxpayers. This could involve adjusting tax brackets to align with broader economic objectives and simplifying the tax code. Medium-sized companies as defined under the extant CITA will face higher tax rates, while large companies will benefit from a gradual reduction to a 25% rate by 2026. Additionally, capital gains will be subject to income tax rates. For individuals, those earning low incomes or the minimum wage will be exempt from taxes, while medium-income earners may experience a reduction in their tax liabilities. Conversely, high-net-worth individuals will likely see an increase in their tax burdens.

Automation and Digitization of Tax Processes in Light of the Fiscalisation Framework

A central aspect of the tax reform will be the automation and digitization of tax processes, particularly through the proposed VAT fiscalisation and e-invoicing framework outlined in the NTAB and the NTB. The fiscalisation framework will also introduce real-time data collection, allowing tax authorities to monitor transactions and improve fiscal planning.

Establishment of the Office of The Tax Ombud:

The creation of the Tax Ombud will bring an independent, impartial body to resolve disputes between taxpayers and the tax authorities. This will enhance trust in the tax system and create an avenue for taxpayers to address grievances, potentially boosting voluntary compliance. The Ombud's ability to conduct inquiries, institute legal proceedings on behalf of taxpayers, and report issues to the National Assembly or State Houses of Assembly will significantly strengthen oversight.



Clarifying Orders, Notices and Circulars

Given the extensive amendments to tax statutes proposed by the bills, there will likely be numerous clarifying orders, notices, and circulars issued by the tax authorities to address any ambiguities or issues that may arise from the new laws. These would provide much-needed guidance to both taxpayers and tax authorities on interpreting and applying the law, mitigating confusion, and ensuring smooth implementation.

Harmonisation and Reduction of Number of Taxes:

If the Tax Reform Bills pass, Nigeria could see a move towards a more streamlined and simplified tax system. A central element of the reform is the harmonization of taxes, which aims to eliminate certain nuisance taxes and reduce the overall number of taxes in the country to a single-digit figure. This consolidation may simplify the tax environment and potentially improve the ease of doing business, though its impact on economic growth would depend on various factors and how the implementation is managed. This is evidenced by the NTB's proposal to harmonise four earmarked taxes into the Development Levy.

Mass Sensitization Drives

A critical aspect of the reforms will be **mass sensitization campaigns** aimed at educating taxpayers about the new tax regime. These campaigns will play an essential role in ensuring that individuals and businesses are fully informed about changes to tax laws, filing processes, and compliance requirements. Such drives are expected to leverage multiple communication platforms, including digital media, community outreach programs, and taxpayer education seminars, to engage with a wide audience and foster voluntary compliance with the new system.





IF THE TAX REFORM BILLS DO NOT PASS

If the **Tax Reform Bills** do not pass, we project that the FG will still be under significant pressure to meet its revenue targets for the year. In this case, the government is likely to focus on strengthening existing revenue collection efforts, implementing various measures to optimize tax administration, and exploring alternative avenues to ensure fiscal stability:

Revenue Enhancement Drive

The government will intensify efforts to enhance revenue administration and collection. These includes strategies to widening tax net, ensuring improved tax compliance, and increased number of tax audits. Given the increasing need for non-oil revenue to meet fiscal targets, the government may focus on expanding VAT collection and broadening the tax base to include more businesses and individuals, particularly in the informal sector.

Implementation of the Economic Stabilization Bills

If the Tax Reform Bills do not secure legislative approval, it is anticipated that the ESB will be passed as an alternative. The ESB, as previously highlighted, is designed as a short-term fiscal measure to mitigate the challenges arising from Nigeria's recent economic downturn. These bills aim to introduce targeted interventions focused on stabilizing the economy, curbing inflation, and addressing the growing concerns around public debt. By implementing immediate fiscal and monetary adjustments, the ESB will provide a buffer against economic shocks while laying the groundwork for broader structural reforms.

Non-Tax Revenue Growth

In the absence of the Tax Reform Bills, the FGN is expected to advance the strategies outlined in the 2025–2027 MTEF and FSP, which emphasize significant growth in non-oil revenue. The government has projected a deliberate shift towards broadening the non-oil revenue base by leveraging robust revenue-generating mechanisms across various sectors.

Strengthening Revenue Generating Agencies

GOEs are projected to play a pivotal role in revenue generation. As highlighted in the MTEF, the FG plans to enhance the operational efficiency of GOEs by implementing performance benchmarks, addressing governance issues, and enforcing compliance with remittance obligations. This includes curbing financial inefficiencies and ensuring that GOEs contribute significantly to the national treasury.



Expanding Non-Oil Export Incentives

To reduce reliance on oil revenues, policies promoting diversification into agriculture, solid minerals, and manufacturing will be prioritized. These sectors are expected to benefit from targeted incentives aimed at boosting non-oil exports. Such initiatives will not only diversify the revenue base but also improve Nigeria's balance of trade, support job creation, and stimulate economic activity in non-oil sectors.

Addressing Revenue Leakages and Optimizing Internally Generated Revenue

Strengthening mechanisms to curb revenue leakages and improve internally generated revenue at both the federal and subnational levels will remain a key focus. This involves better monitoring of revenue collection channels, implementing stricter accountability measures across Ministries, Departments, and Agencies, and ensuring more robust enforcement of revenue collection policies.



CONCLUSION

The strategies laid out in the 2025–2027 MTEF and FSP reflect the government's commitment to fostering sustainable growth, diversifying revenue, and addressing fiscal challenges. While these projections are ambitious, their success hinges on effective implementation and stakeholder collaboration to overcome the outlined risks. The proposed policies signal a pivotal step towards fiscal consolidation and economic transformation in Nigeria.

GLOSSARY OF TERMS

ABBREVIATION	MEANING
AGFA	Associated Gas Framework Agreement
AIRS	Anambra State Internal Revenue Service
API	Advance Pricing Agreement
APA	Application Programme Interface
ASAP	Accelerated Stability and Advancement Plan
BEPS	Base Erosion and Profit Shifting
BIRS	Bayelsa State Internal Revenue Service
BIL	Bayelsa State Infrastructural Levy
BoJA	Best of Judgment Assessment
CAC	Corporate Affairs Commission
CbCR	Country by Country Reporting
CBN	Central Bank of Nigeria
CCG	Customer Centricity Guide
CFC	Controlled Foreign Corporation
CGT	Capital Gains Tax
CIT	Companies Income Tax
CITA	Companies Income Tax Act
CNG	Compressed Natural Gas
CRF	Consolidated Revenue Fund
DPA	Deferred Payment Agreement
EDTI	Economic Development Tax
EEL	Expatriate Employment Levy
EFS	Electronic Fiscal System
EPZ	Export Processing Zone
ESB	Economic Stabilisation Bill
ESBIR	Enugu State Board of Internal Revenue
ETCC	Electronic Tax Clearance Certificate
ETR	Effective Tax Rate
E-TP Plat	e-Transfer Pricing Platform
FA 2019	Finance Act 2019
FA 2021	Finance Act 2021
FA 2023	Finance Act 2023
FDI	Foreign Direct Investment

GLOSSARY OF TERMS

ABBREVIATION	MEANING
FEC	Federal Executive Council
FHC	Federal High Court
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service
FIRSEA	Federal Inland Revenue Service Establishment Act
FIRSMBS	FIRS Merchant Buyer Solution
FSP	Fiscal Strategy Paper
GBTO	Government Business Tax Office
GloBE	Global Anti-Base Erosion
GOEs	Government Owned Enterprises
GTA	Gas Tax Allowances
GTC	Gas Tax Credits
GUIA	Gas Utilization Investment Allowance
IOC	International oil Companies
IRR	Internal Rate of Return
HCL	Hydrocarbon Liquids
HMRC	His Majesty Revenue and Customs
JTB	Joint Tax Board
JRB	Joint Revenue Board
JRBEB	Joint Revenue Board Establishment Bill
LIRS	Lagos State Internal Revenue Service
LPG	Liquefied Petroleum Gas
MDA	Ministry Department and Agency
MNE	Multinational Enterprise
MoF	Ministry of Finance
MTEF	Medium- Term Expenditure Framework
NACCIMA	National Association of Chambers of Commerce, Industry, Mines & Agriculture
NAG	Non-Associated Gas
NCF	National Cybersecurity Fund
NCS	Nigeria Customs Service
NEPZA	Nigeria Export Processing Zones Authority
NMDPRA	Nigerian Midstream and Downstream Petroleum Regulatory Authority

GLOSSARY OF TERMS

ABBREVIATION	MEANING
NoA	Notice of Appeal
NoAA	Notice of Additional Assessment
NORA	Notice of Refusal to Amend
NRS	Non-Resident Supplier
NRSB	Nigeria Revenue Service Bill
NTAA	Nigeria Tax Administration Act
NTAB	Nigeria Tax Administration Bill
NTB	Nigeria Tax Bill
NUPRC	Nigerian Upstream Petroleum Regulatory Commission
PAYE	Pay As You Earn
PIA	Petroleum Industry Act
PIT	Personal Income Tax
PITA	Personal Income Tax Act
PTB	Presumptive Tax Bill
SARS	South African Revenue Service
SIRS	State Inland Revenue Service
SCF	Standard Cubic Feet
TAT	Tax Appeal Tribunal
TICC	Tax Identification Consolidation and Collaboration
TIN	Tax Identification Number
TP	Transfer Pricing
UNGA	United Nations General Assembly
VAT	Value Added Tax
VAT Act	Value Added Tax Act
WHT	Withholding Tax
YoA	Year of Assessment



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