

Nigeria's 2026 Tax Outlook: What to Expect, Compliance Readiness and Implementation Pathways

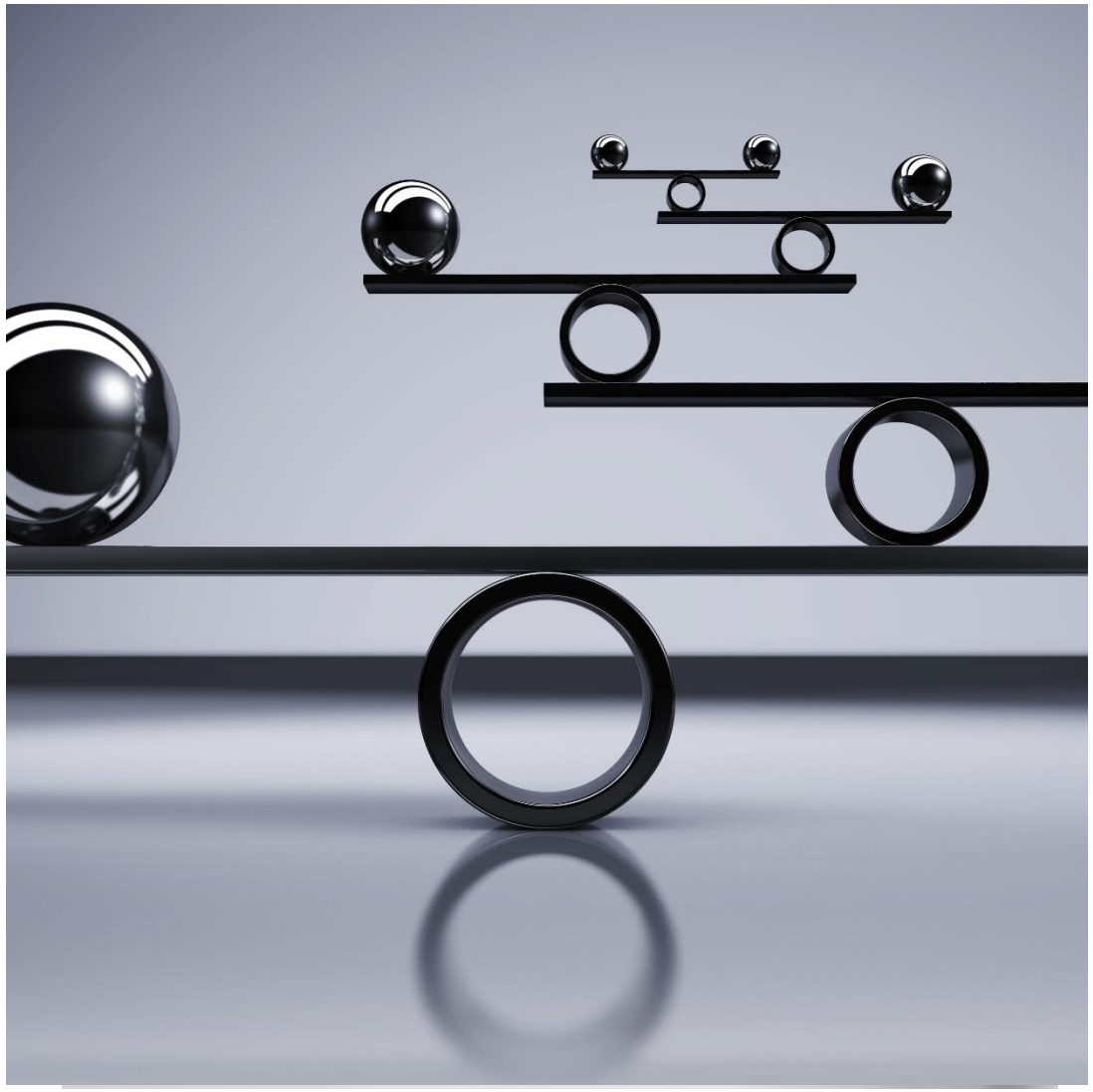
A Presentation at the Technical Session of ICAN Ota & District Society

By Ajibola Sogunro on Saturday, 19th July 2025

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Overview of Nigeria’s Tax Reforms



Introduction

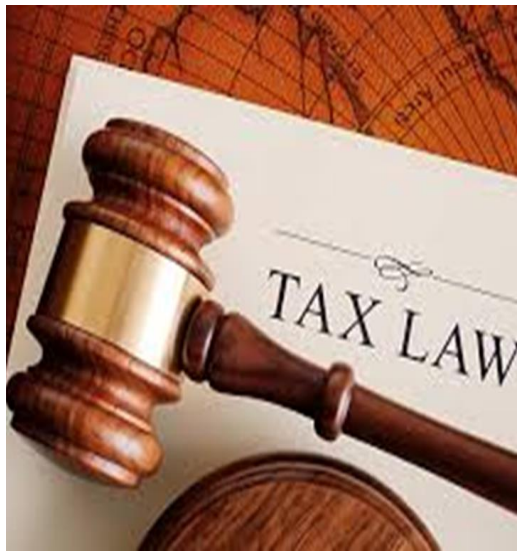
Nigerians, having waited for too long and tolerated the current tax system with some archaic tax legislation, welcomed new tax laws on 26 June 2025 after assent by **President Bola Ahmed Tinubu, GCFR**. The tax laws which emanated from the fiscal and tax reforms include:

- ✓ **Nigeria Tax Act (NTA):** This Act seeks to harmonize fiscal legislation and repeal various existing tax acts including the Companies Income Tax Act and Value Added Tax Act.
- ✓ **Nigeria Tax Administration Act (NTAA):** This Act aims to standardize tax administration procedures to enhance compliance and optimize revenue. This Act will establish a uniform legal and operational framework for tax administration in Nigeria.
- ✓ **Nigeria Revenue Service (Establishment) Act:** This Act repeals the Federal Inland Revenue Service (Establishment) Act (FIRSEA) and establishes the Nigeria Revenue Service (NRS), charged with powers of assessment, collection of, and accounting for revenue accruable to the Government of the Federation.
- ✓ **Joint Revenue Board (Establishment) Act:** This Act establishes the Joint Revenue Board, the Tax Appeal Tribunal (TAT) and the Office of the Tax Ombud (OTTO), it focuses on harmonising and coordinating revenue administration, provides dispute resolution mechanisms, and uphold taxpayer rights.

The Acts are set for implementation from 1 January 2026. Considering the six month implementation timeline, the magnanimity of Mr. President and his committee, the Presidential Fiscal Policy and Tax Reforms Committee, is highly commendable. I am certain that the timeline is enough for all relevant stakeholders to be familiarized with the provisions and key changes introduced by the tax laws, engage, collaborate, understand the expectation, and harmonize their thoughts and compliance processes to be well aligned with the reforms.

Introduction (Cont'd)

Nigeria's 2025 Tax Reforms				
New Acts	**Sections**	**Repealed Acts**	**Amended Acts**	**Repealed & Amended SL**
Nigeria Tax Act, 2025	203			VAT (Modification) Order, 2021 - Revoked
Nigeria Tax Administration Act, 2025	148			Deletion of Para. 2 of SEP Order, 2020
Nigeria Revenue Service (Establishment) Act, 2025	43			Deletion of Reg. 60B, 60C, 61 & 62 of the Petroleum (Drilling & Production) Regulation, 1969
Joint Revenue Board of Nigeria (Establishment) Act, 2025	61			
Total	455	12	14	3



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What to Expect



The key changes and Implications

Nigeria Tax Act, 2025



Re-classification of companies.

- ✓ Small business (<NGN100m revenue and not > NGN250m fixed assets) – 0%



Other companies (Above NGN100m revenue) – 30%

- ✓ Development Levy – 4% Assessable Profit
- ✓ Deletion of Minimum Tax



Expense Deductibility

- ✓ Wholly and Exclusive criteria.
- ✓ Transactions/items on which VAT is paid..
- ✓ Pe-operational expenses incurred within 6 years before commencement.



Non-Resident Companies (NRC)

- ✓ Taxable based on PE or Significant presence in Nigeria.
- ✓ Profit Margin.
- ✓ 4% Minimum Tax.
- ✓ WHT implication.



Electronic Fiscal System (EFS)

- ✓ Technology deployment
- ✓ E-Invoicing
- ✓ Migration to FIRS-MBS
- ✓ Attribution

Chargeable Gains

- ✓ Incorporated into income tax – 34%/ (0-25%)



Minimum Effective Tax Rate (METR) – 15%

- ✓ Member of MNE Group
- ✓ Any company with NGN20Billion and above turnover in any YOA.



Virtual Assets

- ✓ Registration of service providers
- ✓ Licensing by SEC
- ✓ Reporting to NFIU
- ✓ Disclosure of transactions
- ✓ Inclusion of income/profits in income tax.

The key changes and Implications



Income Tax - Individual/Employees

- Farewell to CRA (Higher of NGN200,000 or 1% of Gross Income plus 20% of Gross Income).
- Capped taxable BIK relating to accommodation @ 20% of Gross Income.
- Introduced rent relief of NGN500,000 or 20% of annual rent paid, whichever is lower.
- Relief on interest on loan for developing owner-occupied residential apartment.
- Other relevant reliefs (NHF, NHIS, Pension, and LAP).
- Revised income tax rate from 7-24% to 0-25%.

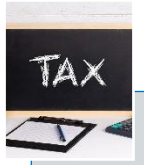


Chargeable Gains

- This is applicable to all assets disposed, including shares, options, rights, debts, digital or virtual assets, and incorporeal property.
- Gains are incorporated into income tax.

Exemption

- Sales of shares <NGN150m.
- Compensation for loss of office < NGN50m.
- Person chattel/tangible movable property below NGN5m.
- Personal properties (dwelling house or adjoining land not more than 1 acre.
- Maximum of two private motor vehicles in any year of assessment.



Value Added Tax (VAT)

- VAT rate remains at 7.5%
- Re-classification of items between Zero-rated and Exempt.
- Ability to claim Input VAT on services, overhead, and fixed assets, provided there are VAT able supplies.
- Ability to request VAT refund on un-utilized sum.
- Input VAT suffered is allowable for deduction within 5 years.
- Attribution of VAT return for the purpose of tracking consumption..

Offences and Penalties (General Application of the NTAA)

S/N	Offences	Penalties for non-compliance
1	Failure to Register (Sec. 100)	✓ N50,000 in the first month of default ✓ N25,000 for subsequent months
2	Failure to File Returns (Sec. 101)	✓ N100,000 in the first month of default ✓ N50,000 for subsequent months
3	Failure to Keep Books (Sec.102)	✓ N10,000 for individuals, ✓ N50,000 for companies
4	Failure to Grant Access for Technology Deployment (Sec. 103)	✓ N1,000,000 first day ✓ N10,000 per day thereafter
5	Failure to Use Fiscalisation System (Sec. 104)	✓ N200,000 + 100% of the tax due + 2% Interest above CBN MPR per annum
6	Failure to Deduct Tax (Sec. 106)	✓ 40% of the amount not deducted
7	Failure to Make Attribution (Sec. 101)	✓ N1,000,000

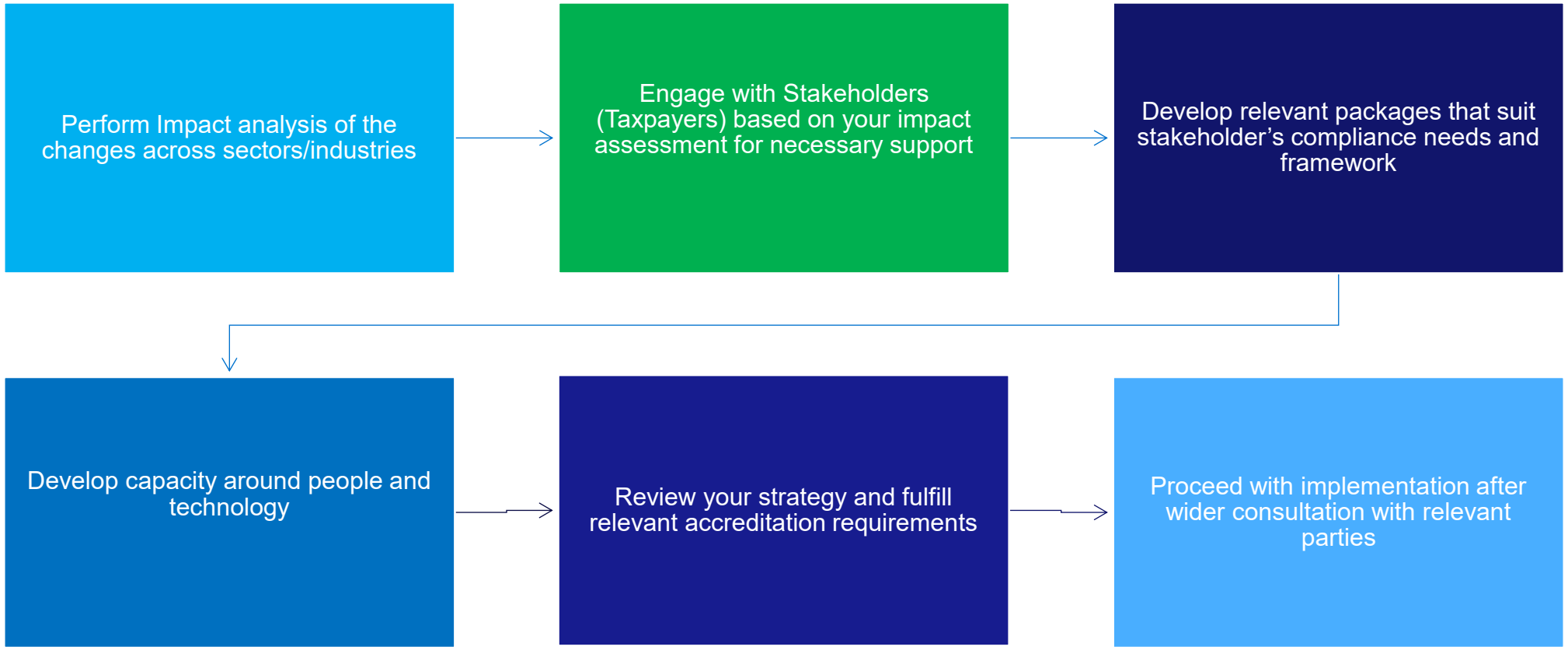
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Compliance Readiness



Compliance readiness

Tax practitioners play key roles in driving compliance. As intermediaries between tax administrators and taxpayers, they are expected to communicate clear compliance requirements based on the provisions of the tax laws and provide necessary support to the taxpayers in fulfilling those obligations accordingly.



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Implementation Pathways



What we need to Navigate the reforms

The recently signed Tax Acts introduced quite a lot of changes that cannot be learned overnight, hence we have suggested some relevant guidelines to seamlessly navigate the implementation phase and be well prepared to offer professional supports as we gradually transition to commencement on 1 January 2026.

Active collaboration

- With the relevant tax authorities (RTA) for relevant information on the implementation guidelines.
- With professional colleagues, particularly seasoned tax practitioners for deliberations and brainstorming.

Upskilling

- Keep abreast of all the changes and relevant provisions of the new tax acts through continuous learning.
- We must gradually unlearn those things we've known and learned over the years.
- We must always relearn to become a master of the new acts.

Professional Reform

- A redefined thought process from tax perspective.
- A review of our tax practice approach (Compliance, advisory, tax planning, engagement with clients, etc.)
- Be very committed to the reform and live by the rules.

Be positioned to fill the gaps

There are some many opportunities created by the reforms, be ready to explore and prepare stakeholders for implementation through:

- Schedule and initiate conversation.
- Trainings .
- Advisory.
- Develop compliance guide.
- Provide support and professional guidance.

Understand Stakeholders needs

- Seek to know stakeholders' perspectives.
- Identify their concerns and challenges if any.
- Develop bespoke and well-tailored solution ahead of time.
- Frequent review, monitoring & compliance, audit and investigation.

Do not assume you have everything

- Examine yourself and be sure you're better equipped and prepared for the task ahead.
- Invest in the right tools and infrastructure.
- Compare notes to see what others are doing.

Implementation Proper

- Get started and drive the process with the right energy, skills, and professional competence from 1 January 2026.

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Conclusion



Conclusion

‘’As professionals, we must redefine our thought process from tax perspective, reform our tax practice strategy and upskill properly to stay relevant in this new tax dispensation. Remember that yesterday’s knowledge is not sufficient for today and today’s not sufficient for tomorrow and the future”

‘’As professionals, we must be committed in actions, character and deeds with high-level integrity and professionalism, playing our part of the reforms and make it counts to sustain the ideal tax system that we all desire for our dear country, Nigeria and Nigerians”

- Ajibola Sogunro.

‘’To give real service, you must add something which cannot be bought or measured with money, and that is sincerity and integrity”

- Don Alden.

Questions for discussion




Thank you!

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Professional Membership

- Institute of Chartered Accountants of Nigeria.
- Chartered Institute of Taxation of Nigeria
- Institute of Chartered Economists of Nigeria
- Nigeria Institute of Management

Competences & Project Experience

- Tax Control Framework Product Development (TCF Inbound & Homeland TCF Services)
- Tax Process and Organization Consulting
- Tax Advisory and Process Management
- Tax Governance & Risk Management
- Tax Compliance Management System
- Tax Restructuring & Engineering

Focus:

- Tax Advisory Services
- Tax Control Framework
- Tax Compliance & Risk Management
- Tax Dispute Resolution
- Tax Engineering and process set-up

Industry Experience

- Financial Services & Insurance
- FMCG
- Telecommunication
- Fintech & Digital Economy
- Health & Hospitality Services
- Construction/Real Estate
- Agro-Allied
- Oil & Gas
- Aviation & Marine
- Logistics and Servicing
- Others.