

## Tax Round-Up 2025

# Developments in the Nigerian Tax Space at a Glance

January 2026



### Background

The Nigerian tax landscape in 2025 experienced landmark changes, typified by major legislative reforms, significant judicial pronouncements, and various Government Regulations.

This article outlines these changes under three broad categories:



#### Legislative Reforms



#### Landmark Judicial Decisions



#### Government Regulations, Policies, and Circulars



**Fidelis Chukwu**

Partner,  
Tax Services



**oluwasanmi  
ogunsanwo**

Manager,  
Tax Advisory



**oyeyemi  
Aduloju**

Asst. Manager,  
Tax Advisory



**Ahmed  
Oduntan**

Senior Associate,  
Tax Advisory

#### Lagos Office:

27, Alhaji Bashorun Street  
SouthWest Ikorodu - Lagos

67, Norman Williams Street  
SouthWest Ikorodu - Lagos

Tel: 01-2919041  
0912 093 3932

#### Abuja Office:

Ground Floor  
Amb. Albert Osakwe House  
1473, Inner Block Street  
Central Business District  
Abuja FCT, Nigeria

Tel: 0706 546 8982

#### Legal Disclaimer:

The material contained in this publication is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2026 Kreston Pedabo. All rights reserved. "Kreston Pedabo" refers to the firm of Kreston Pedabo Associates Ltd. or, as the context requires, Kreston Pedabo Audit Services, Kreston Pedabo Professional Services or Pal Nominees, each of which is a separate and independent legal entity.

For enquiries: [technical@krestonpedabo.com](mailto:technical@krestonpedabo.com)

In addition to these, we examine the tax outlook for 2026 in light of events of the past year and the likely impacts of the tax reforms on taxpayers and the economy at large.



## A. Legislative Reforms

The single most significant tax development in 2025 is the signing of the Tax Reform Bills into law by President Bola Tinubu on 26 June 2025. This assent marked the turning point for taxation in Nigeria and stamped the legislative efforts in respect of the Tax Reform Bills, which had been underway for about a year prior to the Presidential assent.

The Tax Reform Acts consist of four (4) distinct statutes, which are as follows:

1

### The Nigeria Tax Act (NTA)

The Nigeria Tax Act consolidates the previously separate tax legislations into a single, unified tax law, effective 1 January 2026. The NTA repeals legacy statutes such as the Companies Income Tax Act, Personal Income Tax Act, Value Added Tax Act, Stamp Duties Act, and Capital Gains Tax Act, while amending the fiscal provisions of other statutes, such as the Tertiary Education Trust Fund Act and Petroleum Industry Act.

As a result of the consolidation of the erstwhile tax laws, both natural and juristic persons are governed by a harmonised tax framework – the Nigeria Tax Act – across all tax types.



We have highlighted below ten (10) of the key changes introduced by the NTA as follows:

- 1. Introduction of a Minimum Effective Tax Rate – Section 57:** A new minimum tax regime has been introduced to replace Section 33 of the erstwhile CITA. Effective from 1 January 2026, only constituent entities of Multinational Enterprises (MNEs) with aggregate turnover of €750 million or its equivalent and companies with annual turnover of at least ₦50 billion will be subject to a minimum Effective Tax Rate (ETR) of 15%. This obligation will arise in any year in which the qualifying entity's ETR falls below the 15% threshold, and, as such, will be required to pay a top-up tax to cover the shortfall and meet the minimum requirement.
- 2. Introduction of a Single Development Levy – Section 59:** A Development Levy of 4% has been introduced to replace earmarked taxes and levies such as the Education Tax,

National Information Technology Development Agency (NITDA) Levy, National Agency for Science and Engineering Infrastructure (NASENI) Levy, and Police Trust Fund Levy. The Development Levy is charged on the assessable profits of Nigerian companies, other than small companies.

3. **Taxation of Gains at Increased Rates – Section 33:** The NTA scraps capital gains tax as a separate type of tax, and subjects gains derived from the disposal of chargeable assets to income tax at the current rate of 30% for corporate entities and up to 25% for individuals.
4. **Increase in Exemption Threshold for Disposal of Shares – Section 34:** Gains derived from disposal of shares are exempt where the sales proceeds are less than ₦150 million and the gains do not exceed ₦10 million in any 12 consecutive months.
5. **Expanded Input VAT Deductibility – Section 155:** Input VAT may now be recovered on goods, services, and fixed assets, provided they are used for making taxable supplies.
6. **Mandatory VAT Fiscalisation – Section 157:** VAT Fiscalisation / E-Invoicing introduced for businesses via tools deployed by the tax authority to ensure real-time VAT compliance.
7. **Introduction of the Economic Development Tax (EDT) Credit – Section 176:** The NTA has introduced the EDT Incentive to replace the former Pioneer Status Incentive (PSI). The incentive is granted to specified priority product/service sectors for a maximum of ten (10) years upon fulfilment of the stipulated condition. Qualifying entities are required to compute their taxes like every other company; however, the NTA introduces a 5% tax credit on Qualifying Capital Expenditure (QCE) per annum, which can be used to offset income tax computed during the priority period.

Meanwhile, constituent entities of Multinational Enterprises and Nigerian companies with an annual turnover of at least ₦50bn are subject to additional tax if their effective tax rate in any year of assessment is less than 15%. Qualifying companies under the EDTI (Economic Development Tax Incentive) will be required to pay an additional tax that makes their effective tax rate equal to 15%, as the tax credit granted under the EDTI regime cannot be used to offset the additional tax.

8. **New Rules for Taxation of Free Zone Entities (FZEs) – Second Schedule:** Approved entities within a free trade or export processing zone are allowed not more than 25% sale to the customs territory to enjoy tax exemption, failure of which will subject the total sales to the customs territory to tax. Additionally, all sales to persons engaged in petroleum or gas operations are fully exempt from tax. However, effective from 1st January 2028, profits of FZEs in respect of any sales to the customs territory, other than to persons engaged in oil and gas, will become fully subject to tax. The NTA exempts approved entities operating in free zones from the 15% minimum effective tax rate, unless:
  - a. The company engages in transactions or sales within the Nigerian customs territory;
  - b. The company is a constituent entity of a multinational enterprise (MNE) group with an aggregate turnover of at least €750 million or its equivalent in any applicable currency.

**I. Revised Graduated Income Tax Rates for Individuals – Fourth schedule:** The income tax rate for individuals has been updated as per the table below:

Income Band	Tax Rate
First ₦800,000	0%
Next ₦2,200,000	15%
Next ₦9,000,000	18%
Next ₦13,000,000	21%
Next ₦25,000,000	23%
Above ₦50,000,000	25%

**II. Updated Definitions of Key Concepts – Section 201:** The NTA has made major updates to the definition of key terminologies, some of which include:

- » **Nigerian Company:** This now includes companies whose effective/central place of management or control is Nigeria.
- » **Resident Individual:** This is defined as a person who satisfies any of the following conditions:
  - i. is domiciled in Nigeria
  - ii. has a permanent place available for his domestic use in Nigeria
  - iii. has a place of habitual abode in Nigeria
  - iv. has substantial economic and immediate family ties in Nigeria
  - v. sojourns in Nigeria for a period or periods amounting to an aggregate of not less than 183 days in a 12-month period
  - vi. serves as a diplomat in another country
- » **Small Company:** The threshold for small companies is increased from ₦25 million to ₦100 million, with an additional condition that the fixed asset base must not exceed ₦250 million.
- » **Conveyance on Sale:** For the purpose of stamp duties, and where the context so requires, conveyance on sale is defined as the transfer of interest in real property only.

## 2

## Nigeria Tax Administration Act (NTAA)

The NTAA establishes the administrative and procedural framework for the new tax system. It standardises rules around registration, filing, assessments, and penalties, effective from 1st January 2026.

Some of the key administrative reforms provided for under the NTAA are as follows:



- 1. Mandatory Tax Registration – Section 4:** All taxable persons, including individuals, companies, non-resident persons, and government ministries, departments, and agencies, are obligated to register and obtain a Taxpayer Identification (Tax ID) to aid administration and enforcement.
- 2. Digitised Administration:** The NTAA emphasises the deployment of technology as evidenced by provisions on e-filing, e-payment systems, and centralised digital tax records to enhance transparency and simplify compliance.
- 3. Updated Threshold & Timeline for Bank's Customer Returns – Section 29:** Banks and other financial institutions are required to file annual returns of new and existing customers, with a cumulative monthly transaction of ₦50 million and ₦250 million for individuals and corporate entities, respectively, with the Nigeria Revenue Service.
- 4. Simplified Income Tax Return – Section 15:** The NTAA has introduced the possibility of simplified filing processes for low-income earners and informal-sector operators, aimed at broadening the tax base. Relevant tax authorities of various states are required to issue guidelines to give effect to the provision.
- 5. Tax Regulation of Virtual Assets – Section 79:** Virtual Assets are now formally recognised for tax purposes. As a result, Virtual Asset Service Providers (VASPs) must register with the relevant authority, file returns, and pay taxes on transactions such as sales, transfers, mining, and staking.
- 6. Mandatory Disclosure of Tax Planning – Section 30:** Taxpayers are required to disclose any arrangement or transaction that confers or is expected to confer a tax advantage, such as relief from tax, tax refund, deferral of tax payment, etc., failure of which may expose taxpayers to administrative penalties.
- 7. Advance Ruling Framework – Section 73:** Taxpayers can now seek rulings on proposed or existing transactions. However, applications may be rejected for hypothetical or fictitious scenarios, matters before a court or tribunal, and cases under audit or investigation, among others.

8. **Stricter Enforcement Regime:** Penalties for late filing, failure to register, inaccurate reporting, and other non-compliance offences have been significantly increased, underscoring the need for taxpayers to fully comply with the provisions of the tax laws.

### 3

## Nigeria Revenue Service (Establishment) Act (NRS Act)



The NRS Act came into effect on 26 June 2025, repealing the FIRS Establishment Act of 2007. It establishes the Nigeria Revenue Service (NRS) as the new federal taxing authority with expanded powers and enhanced governance structures.

Key highlights of the NRS Act include:

- » **Establishment of the NRS – Section 3:** The NRS has been established to replace FIRS and assumes responsibility for the administration, assessment, collection, and accounting of all federal revenues.
- » **Support for Subnational Governments – Section 5:** NRS can now assist State and Local Governments upon request, with tax collection, audits, enforcement, and information exchange.
- » **Strengthened Corporate Governance – Section 17:** The NRS Act provides for the appointment of six Executive Directors for the Service by the President, with one appointed from each geopolitical zone. This appointment is intended to enhance internal controls, accountability, and transparency within the NRS.



## 4

## Joint Revenue Board (Establishment) Act (JRB Act)



The JRB Act came into effect on 26 June 2025, and introduced the following changes, amongst others:

- i. **Renaming of the Joint Tax Board (JTB) – Section 3:** The JTB is renamed as the Joint Revenue Board (JRB), and the mandate of the Board has been expanded to accommodate functions in respect of all government revenue, including management of the national taxpayer database, facilitation of data exchange, etc.
- ii. **Enhanced Funding for the Tax Appeal Tribunal (TAT) – Section 30:** The JRB Act has, for the first time, provided a source of funding for the TAT through the Consolidated Revenue Fund as appropriated by the National Assembly, to strengthen the autonomy and efficiency of the Tribunal.
- iii. **Establishment of the Office of the Tax Ombud – Section 36:** The Office of the Tax Ombud has been newly established as an independent quasi-judicial body to address taxpayer complaints. This body is empowered, subject to its limitations, to mediate disputes, issue guidelines for complaint resolution, and initiate legal action on behalf of taxpayers, where the need arises.

Click [here](#) to read our detailed newsletter on the Tax Reform Acts.



## Controversies and Myths around the Nigerian Tax Reform Acts



The periods preceding and following the enactment of the Tax Reform Acts have been characterised by intense public discourse and debates among taxpayers, practitioners, and even government officials. While these conversations have sought to educate the public about the new tax regime, an insufficient understanding in some quarters has generated controversies and myths around the Tax Reform Acts. Some of these controversies include:

1

**Conflicting Versions of the Tax Reform Acts:** One of the most significant uproars has been the circulation of multiple versions of the Tax Reform Acts, particularly the Nigeria Tax Act and the NRS Act. In September 2025, the Presidential Committee on Fiscal Policy and Tax Reforms released what appears to be the official gazetted version of the laws, which had significantly different provisions from an earlier gazetted version circulated in July 2025.

However, the National Assembly subsequently disputed these two versions, asserting that they differed from the contents of the votes and proceedings passed by both chambers. These discrepancies raised serious concerns about legislative integrity and the rule of law, prompting public calls for the suspension of implementation. In response to the concerns, the National Assembly released the Certified True Copies (CTCs) of the Acts in January 2026, describing same as the only authentic versions.

2

**State Governments' Concerns over Revenue Allocation:** At the early stages of the reform process, several state governments raised objections regarding the potential impact of the reforms on revenue allocation, particularly VAT distribution, to the states. These concerns became more pronounced, and recommendations received in this regard were subsequently considered and incorporated by the National Assembly.

## 3

**Perception of New or Increased Taxes:** The belief that the Tax Reform Acts introduced new taxes and/or significantly increased the overall tax burden became widespread. This was exacerbated by public discourse, often from uninformed standpoints, which raised fears of a likely reduction in disposable income.

The Chairman of the Presidential Committee consistently refuted these claims, clarifying that the reforms were designed to streamline existing taxes rather than introduce new ones, citing the consolidation of tax laws, harmonization of earmarked taxes into a single levy, expanded exemptions and reliefs for low-income earners, etc., as evidence of the intention of the reforms.

## 4

**Tax ID vis-à-vis Operation of Bank Accounts:** Misconceptions emerged that bank accounts would be frozen where the account owners are unable to provide a Tax ID. This misconception was further fuelled by the circulated theory that tax authorities would gain direct access to taxpayers' bank accounts for arbitrary tax deductions.

To allay the fears of taxpayers, the NRS clarified that the requirement to obtain a Tax ID as per the NTAA does not automatically restrict bank accounts, whilst confirming that, for individual account owners, the National Identification Number (NIN) will automatically serve as the Tax ID, thus eliminating the need for separate registration, thereby aiding compliance.

## 5

**Erroneous Link between Narrations for Bank Transactions and Taxation:** Rumours that tax would be automatically deducted from bank accounts caused widespread propaganda that tax could be avoided based on narrations of bank transfers. As a result, misinformation has led account owners to include varying descriptions for electronic bank transfers, with the erroneous belief that the tax authority will ignore such inflows/outflows for tax purposes.





## B. Landmark Judicial Decisions

1

### **Federal Inland Revenue Service (FIRS) v. Check Point Software Technologies B.V. Nigeria Ltd (Check Point) (FHC/L/10A/2023) – Illegality of the Income Tax (Country-by-Country Reporting) Regulations of 2018**

Sometime in 2023, the TAT's decision invalidated the 2018 Country-by-Country Reporting (CbCR) Regulations and set aside the penalties imposed on Check Point, a decision the FIRS appealed.

On 5 May 2025, the Federal High Court affirmed the TAT's decision, holding that the CbCR Regulations were improperly issued in 2018 because there was no evidence of a duly constituted FIRS Board as required under Section 61 of the FIRS Establishment Act. The Court also ruled that the penalty provisions were unlawful for exceeding statutory limits and that the Regulations lacked a legal foundation, since the underlying CbC Multilateral Competent Authority Agreement has not yet been domesticated in Nigeria.

This judgment has significant implications for the tax regulatory framework, as it may extend to other instruments issued by FIRS during the period when the Board was dissolved, such as the 2019 CRS Regulations. As such, a decision could open the door to extensive litigation and refund claims by taxpayers who were subjected to filings or penalties under regulations that may now be deemed invalid.

[Click here to read our detailed newsletter on the FHC judgement.](#)



2

### **TSKJ Construções Internacionais Sociedade Unipessoal LDA v. Federal Inland Revenue Service (SC/955/2017) – Confirmation of TAT as Mandatory Forum of First Instance for Tax Disputes**

The Supreme Court in May 2025 resolved a long-overdue controversy over a perceived jurisdictional conflict between the Federal High Court and the TAT in tax matters.

The taxpayer in this case, a non-resident entity, had instituted an action against FIRS at the TAT in respect of an additional assessment of \$12.9 million imposed by FIRS. The TAT ruled in favour of FIRS, and



TSKJ appealed to the Federal High Court (FHC), which reversed the TAT's decision and held that the forum had no jurisdiction to hear the matter *ab initio* and that the action of the TAT usurped the powers of the FHC in line with Section 251 of the 1999 Constitution of the Federal Republic of Nigeria. The FHC further called for the dissolution of the TATs located throughout Nigeria.

Unsatisfied, the FIRS further appealed to the Court of Appeal (COA) and prevailed, as the COA overturned the FHC's decision and upheld that of the TAT. In a final attempt at justice, TSKJ appealed to the Supreme Court who ruled that the TAT has exclusive rights as a forum of first instance to adjudicate over tax matters, holding further that this right does not interfere with the rights of the FHC as enshrined in the Constitution, as the TAT is not a court *per se*, and that only tax appeal on points of law may be brought before the FHC.

This landmark judgment settles any uncertainty in Nigeria's tax dispute resolution process, curbs forum-shopping, and reinforces the role of the TAT in tax adjudication.

### 3

#### **Bolt Operations O.U. v. Federal Inland Revenue Service (Appeal from TAT/LZ/VAT/074/2022) – VAT Collection Obligations for Digital Platforms**

The dispute arose from the decision of the FIRS to appoint Bolt, a non-resident digital platform operator, as a VAT-collection agent for all services, including rides and food delivery, transacted through its app in Nigeria. Bolt filed an appeal at the TAT, challenging FIRS' authority under Section 10 of the erstwhile VAT Act to impose such a broader obligation, as Bolt is not the actual supplier of the services, but independent drivers and food vendors.

The TAT dismissed the case and upheld FIRS' powers to appoint non-resident digital platforms as VAT agents. Aggrieved, Bolt appealed to the FHC seeking to overturn the TAT decision. In July 2025, the FHC ruled in favour of the FIRS, holding that FIRS acted within its statutory authority and that digital platforms facilitating taxable supplies can be validly required to charge, collect, and remit VAT on their transactions.



4

**Rand Merchant Bank Nigeria Ltd (RMB) v. Federal Inland Revenue Service (FHC/ABJ/CS/207/2023) – Withholding Tax on Undistributed Profits**

RMB instituted a suit at the FHC, appealing the TAT's decision on the basis that the FIRS can only deem undistributed profits as distributed, and subject same to tax where it is able to prove that the retention of profits was for tax avoidance or evasion. The taxpayer further held that the FIRS is bound by law to issue a directive to that effect within the statutory two-year period.



In February 2025, the FHC upheld RMB's submissions and set aside the TAT's judgment and, in turn, FIRS' assessment. The Court held that the FIRS' deeming power is subject to strict compliance with Section 21 of CITA, a requirement the FIRS failed to meet, and confirmed that the burden of proving the perceived tax avoidance or evasion rests on the FIRS. The FHC further ruled that penalties and interest are inapplicable where profits are merely retained, and no dividends were distributed.

5

**Abuja Electricity Distribution Company (AEDC) v. Federal Inland Revenue Service (FHC/ABJ/TA/01/24) – Retrial on the Basis of Bias and Lack of Fair Hearing**

The FHC in November 2025, overturned the judgment of the TAT and ordered a retrial as prayed by AEDC. The TAT had ordered AEDC to pay ₦5.3bn in accumulated VAT & WHT liability for the period 2013-2017, in favour of the FIRS.



AEDC however appealed to the FHC seeking retrial primarily on the allegation that one of the TAT Commissioners who ruled in the matter had previously worked at FIRS and participated in the review that resulted in the additional tax assessments, thus creating an overwhelming bias and conflict of interest.

The appeal succeeded, and the FHC set aside the TAT judgment and ordered the matter to be retried before a properly constituted tribunal.

This decision safeguards the interests of taxpayers and, going forward, will ensure more careful scrutiny of tribunal compositions to avoid a recurrence of the possible consequences of carelessness, as in the instant case.



## C. Government Regulations, Policies, and Circulars

### 1

### Upstream Petroleum Operations (Cost Efficiency Incentives) Order, 2025

On April 30, 2025, the Upstream Petroleum Operations (Cost Efficiency Incentives) Order, 2025 ("the Order"), was enacted into law by the Federal Government to establish a cost-efficiency tax incentive framework for lessees, licensees, and contractors engaged in upstream petroleum activities in Nigeria. With a sunset date of May 31, 2035, the Order seeks to promote operational discipline and reduce the cost of upstream development and production.

To aid its purpose, the Order empowers the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) to annually benchmark Unit Operating Costs (UOC) across various terrains (such as shallow water and deep offshore) and set cost-reduction targets. Companies that meet or exceed these targets become eligible for tax credits as a reward for efficient cost management.

Under the provisions of the Order, eligible companies may claim tax credits equal to 50% of verified cost savings, multiplied by the applicable tax rate. The credit is capped at 20% of annual tax liability and must be utilised within three years after the date of issuance. The framework expressly excludes unethical or non-compliant cost-cutting practices. The incentive scheme is jointly administered by the NUPRC and the FIRS (now known as NRS) to ensure robust technical and tax oversight.



## 2

## Implementation Circular on Withholding Tax (WHT) Regulations 2024

It will be recalled that the WHT Regulations of 2025 became effective from 1 January 2025. The FIRS released an Information Circular in February of the same year to support the implementation and provide guidance on the scope and administration of the new WHT regime.

The Circular clarifies the categories of persons required to deduct WHT, the applicable remittance timelines, reporting obligations, and the treatment of exemptions. A key feature of the Circular is its emphasis on the applicability of WHT to both cash and non-cash settlement transactions, including barter arrangements, third-party settlements, and debt offsets.



## 3

## Implementation of Guidelines on Advance Pricing Agreements (APAs)

Further to Regulation 9 of the Income Tax (Transfer Pricing) Regulations 2018, the FIRS issued the Guidelines on APAs on November 27, 2024, with an effective date of 1 January 2025.

The APA provides guidance as to how a taxpayer and the tax authority can agree in advance on the appropriate transfer pricing methodology for future controlled transactions with related parties. The objective is to provide certainty, minimise transfer pricing disputes, and reduce the likelihood of prolonged audits.

The Guidelines make APAs available to Nigerian companies and non-resident entities with a taxable presence, covering unilateral, bilateral, and multilateral arrangements applicable to controlled transactions of \$10 million per controlled transaction or \$50 million for a group of transactions, as well as application and renewal fees.

## 4 Introduction of the E-Invoicing Regime

The FIRS issued a public notice announcing the commencement of the E-Invoicing Solution for large taxpayers. With an initial effective date of 1 August 2025, large taxpayers are required to onboard, integrate, and commence real-time transmission of electronic invoices under the E-Invoicing Solution (Merchant-Buyer Solution). The onboarding date was later extended in another public notice to 1 November 2025.

The initiative aims to enhance transparency, efficiency, and real-time visibility of business transactions, aligning Nigeria's tax administration with global best practices.

According to the Public Notice issued by the FIRS, large taxpayers with a turnover of ₦5 billion and above are required to:

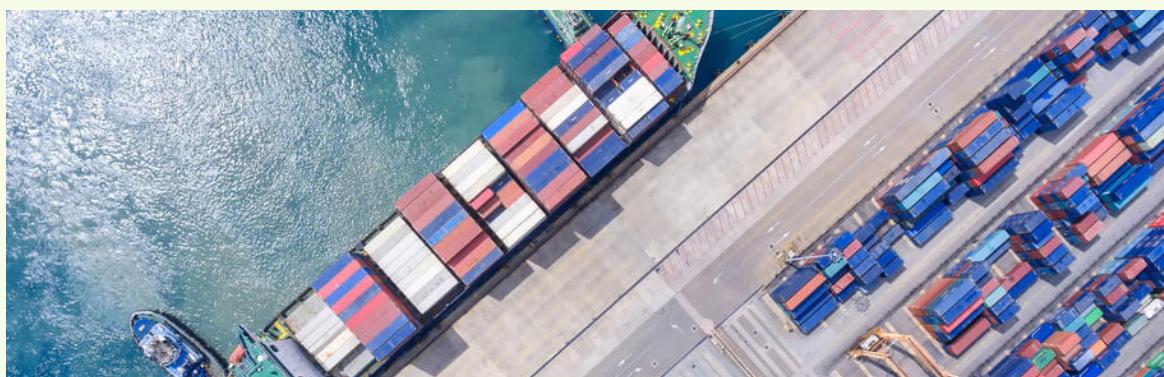
- » Register and onboard onto the e-invoicing platform.
- » Integrate their invoicing systems with the FIRS platform per Merchant-Buyer specifications.
- » Generate, validate, and transmit invoices in real time through the designated e-invoicing channels.

Taxpayers with a turnover of less than ₦5 billion are now required to comply with this provision based on the provisions of the Nigeria Tax Act.



## 5 Customs, Excise and Trade Measures

A Free on Board (FOB) levy of 4% on all imports was introduced in February 2025. However, this was suspended following public resistance and opposition. In an effort to provide sustainable funding for NCS (Nigeria Customs Service) operations, the levy was reintroduced in August 2025 but later suspended by a circular issued by the Federal Ministry of Finance on 15 September 2025.



## 6 FIRS Clarifies WHT Obligations on Return on Investment in Short-Term Securities

On 28 October 2025, FIRS issued a Public Notice directing banks, discount houses, and stockbrokers to apply a 10% WHT on interest paid to investors on short-term securities. The directive was issued pursuant to the erstwhile Companies Income Tax Act and the Deduction of Tax at Source (Withholding) Regulations, 2024.

The Notice is in furtherance of the expiration of the Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order, 2011, which had a 10-year validity.

Following the publication of the FIRS Notice, financial institutions responsible for processing interest payments must ensure full compliance with the WHT deduction and remittance obligations.



## 7

### **Discontinuation of FIRS Tax Exemption Certificates**

FIRS issued a Public Notice on 29 July 2025, announcing the discontinuation of the issuance of Tax Exemption Certificates to Pioneer Status Incentive (PSI) companies, Non-Governmental Organisations (NGOs), and Free Zone Entities (FZEs).

The Notice clarified that the discontinuation did not revoke or invalidate existing tax holidays granted to PSI companies, nor did it affect the tax-exempt status of NGOs and Free Zone Enterprises.

Following the FIRS announcement, the Nigerian Investment Promotion Commission (NIPC) also issued a clarification, confirming that the discontinuation of TECs did not affect the processing or approval of ongoing PSI applications. The NIPC advised applicants to finalise any pending submissions ahead of the implementation of the Tax Reform Acts.



## 8

### **Cessation of Pioneer Status Incentive (PSI) Applications**

The NIPC issued a Public Notice announcing that it will no longer accept applications for the Pioneer Status Incentive (PSI) with effect from 10 November 2025, in view of the transition to the new Economic Development Tax Incentive (EDTI) framework contained in the NTA.

According to the Notice, companies intending to benefit from the PSI were required to submit their applications to NIPC on or before 10 November 2025, while encouraging existing PSI beneficiaries, as well as prospective applicants, to engage with the Commission to ensure a smooth transition and to understand compliance requirements for EDTI under the new tax regime.

## 9

## FIRS' Directive to Banks on Closure of Unauthorised Tax Collection Accounts

The FIRS issued a Public Notice directing all banks to immediately identify and close any tax or levy collection accounts not authorised under the TaxPro-Max platform. The directive titled "Directive to Close Unauthorised FIRS Tax Collection Accounts" was issued by the Executive Chairman of the FIRS and disseminated through the Service's media office.

The Notice stipulates that all tax and levy collections are required to be processed exclusively through assessments generated on the TaxPro-Max platform. This measure aims to enhance transparency and ensure uniformity in the collection and reconciliation of government taxes.

FIRS further cautioned banks participating in its collection and remittance scheme to discontinue the use of any unauthorised accounts and to ensure that only transactions initiated on TaxPro-Max are processed. The directive forms part of the Service's broader efforts to improve efficiency in tax administration and reduce leakages within the revenue collection process.



## **Tax Outlook for 2026 Financial Year**



The Nigerian tax landscape in 2026 is expected to experience one of the most significant shifts in the last two decades, driven by the implementation of the Tax Reform Acts from 1st January 2026. The enactment of new tax laws and the introduction of digital compliance systems are expected to reshape how individuals and businesses fulfil their tax obligations.

Businesses earnestly await clarity from the NRS, particularly to ascertain the commencement period of the new laws. That is, whether the new laws will apply to the 2026 Financial Year or the 2026 Year of Assessment, in relation to the 2025 Financial Year. While laws are generally not to be applied retrospectively, it is expected that the tax authority unambiguously clarify this through Regulations or Information Circulars to ensure proper business planning and maintain investor

## **Conclusion**

Undoubtedly, the Nigerian tax space in 2025 was interestingly eventful and this is expected to continue in 2026, being the first year of implementation. To aid compliance and give effect to some of the provisions of the laws, we expect that the Nigeria Revenue Service as well as the States' Internal Revenue Services will issue Regulations and Guidelines to steer the implementation of the Tax Reform Acts and provide clarifications for seemingly ambiguous provisions in the statutes.

We encourage taxpayers, now more than ever, to seek professional tax advice in respect of their tax obligations and requirements under the new tax regime, in order to avoid steep penalties newly introduced for non-compliance.