

Newsletter

October 2026

Welcome to this month's Edition of our newsletter!

Closing a merger is the easy part. Making it work comes next. **"After the Deal Closes: A Post-Merger Integration Playbook for Nigeria's Consolidation Era"** shows how to bring two businesses together and get the value you expected from the deal.

Our series, **"The Discipline Gap: Cybersecurity in Africa's Financial Sector,"** continues with **Part 2 of 3, "Two Sectors, One Pattern."** It looks at the shared patterns behind digital risk in Nigeria and Ghana and what actually closes the gap between them.

On tax, **"Expanded Input VAT Recovery Under the Nigeria Tax Act 2025"** explains what has changed, where the limits lie, and what finance teams should do before the 2026 year-end.

Enjoy your read!

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After the Deal Closes: A Post-Merger Integration Playbook for Nigeria's Consolidation Era

How boards and CXOs turn M&A strategy into measurable value in the first 100 days and beyond

Nigeria is in the middle of its most significant corporate consolidation cycle in two decades. On 1 April 2026, the Central Bank of Nigeria confirmed that 33 banks had met the revised minimum capital requirements, an exercise widely compared with the 2004/2005 consolidation that reduced the number of banks from 89 to 25.¹ In the insurance sector, NAICOM's verification under the Nigerian Insurance Industry Reform Act (NIIRA) confirmed that, as of 13 August 2026, 48 insurance companies and two reinsurance companies had been verified as compliant, bringing the total to 50 compliant companies.² Beyond financial services, trade buyers have become the dominant exit route for private capital: trade sales made up 53% of African private capital exits in the first half of 2026, nearly double the prior year's share and led by domestic buyers.³

The result is that a growing number of Nigerian boards now own a combined business that exists on paper but not yet in practice. Recapitalisation, regulatory approval and completion are milestones. They are not value. Value is created only when the strategic logic of a transaction is converted into operating results, and that conversion happens through post-merger integration (PMI).

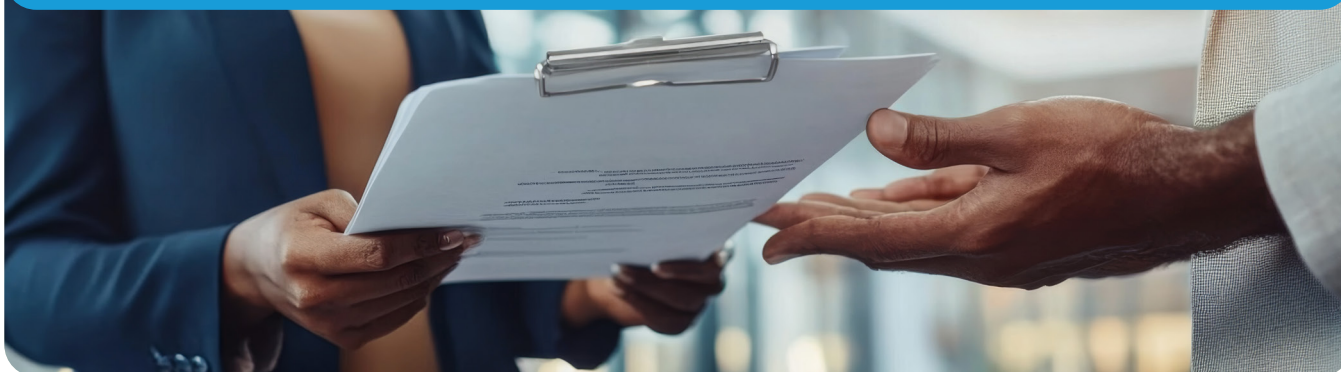
This article sets out a practical approach to PMI: how to define the value a deal must deliver, how to choose the right degree of integration, how to govern and sequence the first 100 days, and which workstreams most often decide whether a transaction succeeds. It closes with the deal value cycle we use with clients and five questions every board should be asking.

¹ Central Bank of Nigeria, press statement on the banking sector recapitalisation programme, 1 April 2026, as reported in 'Status Update on CBN's Banking Sector Recapitalization', Mondaq, 8 April 2026, <https://www.mondaq.com/nigeria/financial-services/1770020>.

² National Insurance Commission (NAICOM), verification of recapitalisation under Section 15 of the Nigerian Insurance Industry Reform Act 2025, as analysed in 'NAICOM Concludes 2025–2026 Insurance Recapitalisation: 43 Verified Licences', Proshare, 3 August 2026.

³ African Private Capital Association (AVCA), H1 2026 African private capital activity data, as reported in 'Africa's Private Capital Market Sees Mixed First-Half in 2026', allAfrica, 30 July 2026.

Why So Many Deals Disappoint



The evidence is sobering. Research published in Harvard Business Review summarises study after study placing the failure rate of mergers and acquisitions between 70% and 90%.⁴ The most frequent causes are rarely the strategic rationale itself. They are failures of integration: lost customers, departed talent, incompatible systems, unmanaged culture clashes and synergy targets that nobody owned.

Haspeslagh and Jemison's foundational work frames

the issue well: value creation takes place after the acquisition, when capabilities are transferred and the two organisations are brought together in a way that advances the purpose of the deal.⁵ PMI is therefore a problem of execution under uncertainty. Management must protect the base business, preserve the capabilities that made the target attractive, capture synergies, establish governance and remain compliant, all at once, while two organisations with different structures, technologies, management practices and cultures learn to operate as one.

Start With the Value Thesis, Not the Purchase Price

Deal value is not the same as purchase price. An acquisition creates value for the acquirer only if the benefits of ownership exceed everything paid to obtain them. A disciplined way to express this is:

$$\text{Value Created} = \text{Present Value of Net Synergies} - \left(\text{Acquisition Premium} + \text{Transaction Costs} + \text{One-off Integration Costs} \right)$$

Here, the acquisition premium is the consideration paid above the target's stand-alone value, and net synergies are the risk-adjusted cost, revenue and capital synergies, less dis-synergies such as customer attrition, loss of key staff or duplicated costs that cannot be removed. This formulation makes three points boards often miss. First, the target's stand-alone value is already reflected in the

price, so only synergies can justify a premium. Second, revenue synergies should be counted at contribution margin, not at headline revenue. Third, execution risk belongs inside the synergy estimate, as a realisation probability and a timing assumption, rather than as a separate line that is easy to ignore.

⁴ Clayton M. Christensen, Richard Alton, Curtis Rising, and Andrew Waldeck, 'The Big Idea: The New M&A Playbook', Harvard Business Review, March 2011.

⁵ Philippe C. Haspeslagh and David B. Jemison, Managing Acquisitions: Creating Value Through Corporate Renewal (New York: Free Press, 1991).

Consider an acquirer that pays a significant premium on the strength of ₦5 billion in annual cost synergies and ₦3 billion in annual contribution from cross-selling. If only ₦2 billion of the cost savings materialises, cross-selling stalls, and integration disruption drives away key customers and relationship managers, eroding ₦1 billion of existing margin, the net annual synergy falls from ₦8 billion to ₦1 billion. The strategic case may still look attractive. The economic result will not.

McKinsey's research reinforces the point: among executives who described their mergers as successful, nearly nine in ten had validated their deal model to set realistic targets, compared with fewer than half of their less successful peers.⁶ The practical rule is simple. Every naira of premium should map to a named synergy with an owner, a baseline, a target and a date. The job of PMI is to protect that bridge between the investment thesis and actual post-deal performance.

Choose the Right Integration Approach



Not every acquisition should end in full absorption. Haspeslagh and Jemison distinguish integration approaches along two dimensions: the need for strategic interdependence (how much capability or resource must be shared to create value) and the need for organisational autonomy (how much the target's independence is itself the source of value). The combination of the two points to four approaches.

Approach	Interdependence / Autonomy	Best suited to	Typical Nigerian context
Absorption	High / Low	Overlapping businesses where large cost synergies come from consolidating functions, systems and brands into one	Regulator-driven bank or insurance consolidation, where duplicated licences, branches and back offices must be rationalised
Preservation	Low / High	Targets whose value lies in entrepreneurial culture, specialist talent, brand or customer intimacy; financial reporting and controls are integrated, operations largely are not	Acquisitions of fintechs, specialist advisory firms or technology businesses
Symbiosis	High / High	Deals that require selective sharing of capabilities while protecting what makes each business distinctive; the most demanding approach to manage	A bank acquiring a digital lender, or a manufacturer acquiring a regional distributor
Holding	Low / Low	Portfolio investments where value comes from capital allocation, governance and financial oversight rather than operational combination	Investment holding companies and diversified groups

⁶ McKinsey & Company, 'Focusing Your M&A Team on Revenue Growth', 16 October 2017.

Two refinements matter in practice. First, the choice need not be uniform across the business. Many successful deals absorb the back office (finance, procurement, IT infrastructure) while preserving the front office (brand, sales teams, product). Second, the choice should be made and communicated before Day 1. Ambiguity about the end state is one of the fastest ways to lose the very talent that a preservation or symbiosis strategy depends on.

Build Integration Governance Before Day 1



Integration cannot be run as a side project by executives who are also running the base business. Leading acquirers establish a dedicated structure with four elements. An integration steering committee, drawn from both organisations and chaired by the CEO or a designated executive sponsor, sets priorities, resolves escalations and owns the synergy commitment to the board. An Integration Management Office (IMO) coordinates the workstreams, maintains the master plan, tracks synergies and risks, and enforces a weekly decision cadence. Each workstream has a named lead from each legacy organisation, with decision rights documented in advance. Where the transaction is still under regulatory review, a clean team

arrangement allows detailed planning to proceed without the exchange of competitively sensitive information.

That last element is not a formality. Under the Federal Competition and Consumer Protection Act 2018, a notifiable merger may not be implemented until the FCCPC has approved it. The Merger Review Regulations prohibit coordination or integration of the parties' businesses during the notification period, and the base administrative penalty for gun-jumping is 2% of the parties' turnover in the preceding year.⁷ Integration planning before clearance is prudent. Integration implementation before clearance is not.



⁷ Federal Competition and Consumer Protection Act 2018, s. 93; FCCPC Merger Review Regulations 2020, reg. 13(2); FCCPC (Administrative Penalties) Regulations 2020. See also 'Merger Control 2025: Nigeria', Mondaq, 6 August 2025.

Sequence the First 100 Days, and Plan for the Years That Follow



The first 100 days are widely treated as the defining period of integration, but with an important qualification. Angwin's research cautions against assuming that greater speed automatically produces greater success, and challenges the 'first 100 days' as a universal prescription.⁸ The better principle is to move fast where uncertainty itself destroys value (leadership appointments, customer communication, retention of critical talent and Day 1 controls) and to move deliberately where premature integration could destroy what was bought (culture,

products and core systems).

The 100-day horizon also needs perspective. Bain's 2026 analysis finds that the largest transactions take a further 24 to 36 months after closing to realise the bulk of their run-rate cost synergies, while leading integration programmes are now using AI to identify and confirm cost-synergy opportunities two to three times faster than traditional approaches.⁹ The first 100 days set the trajectory. They do not complete the journey.

Phase	Primary objective	Priority actions
Pre-close (signing to completion)	Be ready for Day 1	Confirm the integration approach and end-state operating model; appoint integration leadership and the IMO; build the Day 1 checklist (payroll, payments, customer communication, delegated authorities, bank mandates); plan within competition law limits
Days 1–10: Stabilise	Continuity and control	Announce leadership and governance; communicate with employees, customers, regulators and key suppliers; confirm that cash, payroll and critical systems operate; activate retention arrangements; put interim approval limits in place
Days 11–30: Validate	Confirm the thesis	Rebaseline synergies bottom-up using actual data; assess customer, talent, technology and cultural risk; confirm the tax and legal structure; prioritise initiatives by value and risk
Days 31–60: Execute quick wins	Build momentum	Launch procurement and overlap savings; finalise organisation design for the top layers; begin systems migration planning and process harmonisation; remediate control gaps

⁸ Duncan N. Angwin, 'Speed in M&A Integration: The First 100 Days', *European Management Journal* 22, no. 4 (2004): 418–430.

⁹ Bain & Company, M&A Midyear Report 2026, press release, 29 June 2026, <https://www.bain.com/about/media-center/press-releases/2026/>.

Phase	Primary objective	Priority actions
Days 61-100: Institutionalise	Embed accountability	Establish permanent governance, KPIs and synergy dashboards; transfer initiatives from the IMO to line owners; approve the long-term integration and transformation roadmap
Day 100 to month 36: Deliver	Realise full value	Track synergies monthly against the value thesis; complete systems consolidation; sustain the culture programme; report progress to the board and investors

McKinsey's work on large deals shows why early delivery matters. Acquirers whose shareholder returns outperformed the market over the life of the deal captured a run rate equal to half of their public synergy target in the first year alone, while unsuccessful deals typically suffered a dip in combined revenue caused by a failure to protect business momentum.¹⁰

Seven Workstreams that Carry the Value

1

Synergy delivery

Synergies should be managed as a formal portfolio with owners, baselines and milestones across four categories. Cost synergies come from eliminating duplicated functions, consolidating procurement, rationalising branches, offices and warehouses, consolidating technology and moving to shared services. Revenue synergies come from cross-selling to each other's customers, bundling, pricing and geographic reach, such as using the target's footprint to enter markets faster than building a network from scratch. Capital synergies, frequently overlooked, come from working capital, fixed-asset optimisation and lower funding costs. Capability synergies arise when one party's technology, data, intellectual property or management expertise lifts the performance of the other, for example when one company's rich customer data meets the other's superior analytics.

These categories are not equally reliable. Cost synergies arrive faster and are easier to track; revenue synergies are slower and less certain. Yet McKinsey finds that looking beyond the synergies that justified the deal can raise total synergies by 30% to 150% above due diligence estimates.¹¹ The discipline is to protect the base business first, then deliver cost synergies, then revenue synergies, then transformational opportunities.

2

Finance and reporting

Finance is how management knows whether the deal is working. Integration should quickly establish a common financial architecture: an aligned chart of accounts, reporting calendar, accounting policies, budgeting process, management reporting and consolidation. Under IFRS 3, acquirers have a measurement period of up to one year from the acquisition date to finalise the purchase price allocation, including the fair value of acquired intangibles, contingent liabilities and goodwill.¹² That allocation, and the goodwill impairment testing that follows, will be the first external test of the value thesis.

¹⁰ McKinsey & Company, 'Keys to Success in a Large-Deal Merger', 29 June 2021 (analysis of large deals among the Global 2000).

¹¹ McKinsey & Company, 'Eight Basics for Capturing Deal Value in Mergers', 2 April 2019.

¹² IFRS Foundation, IFRS 3 Business Combinations, paragraph 45 (measurement period).

3 Tax

Tax belongs in the integration design from the outset, not as a compliance exercise after closing, and Nigeria's new tax regime raises the stakes. Since the Nigeria Tax Act (NTA) 2025 took effect on 1 January 2026, gains on the disposal of chargeable assets, including shares, are taxed at the 30% company income tax rate. A qualifying merger, however, is treated as a continuation of the existing businesses: assets move at tax written-down value without triggering chargeable gains, and unutilised capital allowances, tax credits and unabsorbed losses can remain available, subject to prescribed conditions. A transaction structured as a business or asset transfer that results in cessation may lose those attributes.¹³ Two deals with the same commercial logic can therefore produce very different tax outcomes.

Other considerations include stamp duties on transfer instruments, which the Nigeria Revenue Service expects to be stamped within 30 days of execution, with penalties for late stamping;¹⁴ the deductibility and transfer pricing treatment of intercompany financing used to fund or restructure the combined group;¹⁵ the harmonisation of capital allowance claims under the NTA's revised regime;¹⁶ VAT and withholding tax registrations; and the effective tax rate of the combined structure.

4 Technology, data and cybersecurity

Integration may require rationalising ERP, core banking or policy administration platforms, CRM, payroll, identity and access management, cloud infrastructure and customer databases. Because these systems underpin critical processes, a poorly managed migration can interrupt operations, impair customer service, compromise financial reporting or open security gaps at precisely the moment attackers know an organisation is distracted, a risk we have highlighted for Africa's financial sector in particular.¹⁷ The objective is technological capability, not technological uniformity: the acquirer's platform should not win by default. Transfers of customer and employee data between entities and systems must also comply with the Nigeria Data Protection Act 2023 and the NDPC's implementing directive.¹⁸

5 People and culture

Employees experience a transaction as uncertainty about job security, pay, identity and reporting lines. Left unaddressed, that uncertainty becomes disengagement, resistance, departures and the loss of institutional knowledge. Management should identify early the individuals whose continued involvement is critical, including relationship managers, product specialists and key technical staff, and secure them through clear roles, retention arrangements and visible career paths.

Culture deserves the same rigour as synergies. Some 95% of executives describe cultural fit as critical to

¹³ Nigeria Tax Act 2025 (effective 1 January 2026). See 'Mergers & Acquisitions Deals Face Different Tax Bills Under Nigeria's New Regime', BusinessDay, August 2026.

¹⁴ Kreston Pedabo, 'Tax Updates: Nigeria's Tax Reform Enters a New Phase, NRS Releases 9 Guiding Circulars', 13 August 2026, <https://krestonpedabo.com/insights/>.

¹⁵ Kreston Pedabo, 'Impact of the Nigeria Tax Act 2025 on Related Party Financing', Monthly Newsletter, September 2026.

¹⁶ Kreston Pedabo, Monthly Newsletter, August 2026 (analysis of the capital allowance rules under the Nigeria Tax Act 2025).

¹⁷ Kreston Pedabo, 'The Discipline Gap: Cybersecurity in Africa's Financial Sector (Part 1 of 3)', Monthly Newsletter, September 2026.

¹⁸ Nigeria Data Protection Act 2023; Nigeria Data Protection Commission, General Application and Implementation Directive (GAID) 2025.

integration success,¹⁹ and companies that manage culture effectively in their integration planning are around 50% more likely to meet or exceed their synergy targets.²⁰ That does not mean one culture should simply replace the other. Leaders should separate the non-negotiables that must be standardised across the combined organisation (ethics, regulatory compliance, financial integrity and risk appetite) from legitimate differences (management style, communication norms and ways of working) that can be accommodated where they do not undermine the strategy.

6

Legal and regulatory

Legal integration extends well beyond the completion documents. The combined entity's corporate structure, licences and permits, material contracts, employment terms, intellectual property, litigation, data protection obligations and delegated authorities must all be reviewed to identify inherited obligations and confirm that the business has the structure and permissions it needs. Particular attention belongs to obligations triggered by the change of control: consent requirements, termination rights and change-of-control clauses in material contracts, as well as notification or reauthorisation requirements under sector licences. In insurance, for example, composite operators also face a five-year window under NIIRA 2025 to separate their life and non-life businesses, a restructuring that should be designed into any integration now under way.²¹

7

Risk management and internal controls

An acquisition can import risks that did not previously exist in the acquirer: fraud exposure, regulatory breaches, cybersecurity vulnerabilities, tax exposures, contingent liabilities, unreliable reporting and governance weaknesses. The acquirer's control framework should not be assumed sufficient for the combined business. A structured reassessment of the combined risk profile, an updated risk appetite, harmonised delegation of authority from Day 1 and early internal audit coverage are essential.

The IFC Corporate Governance Methodology, adopted by more than 30 development finance institutions and investors, offers a useful benchmark. It treats the control environment (internal control, internal audit, risk management and compliance) as a core governance parameter alongside board effectiveness, disclosure and the treatment of minority shareholders.²² For transactions involving DFI or private equity co-investors, meeting that standard is often a condition of continued support.

¹⁹ Oliver Engert, Becky Kaetzler, Kameron Kordestani, and Andy MacLean, 'Organizational Culture in Mergers: Addressing the Unseen Forces', McKinsey & Company, 26 March 2019.

²⁰ Ignacio Fantaguzzi and Christopher Handscomb, 'The Importance of Cultural Integration in M&A: The Path to Success', McKinsey & Company, 1 February 2024.

²¹ Nigerian Insurance Industry Reform Act 2025, s. 6. See SHQ Legal, 'Nigerian Insurance Industry Reform Act 2025: Key Reforms and Implications', July 2026.

²² International Finance Corporation, Corporate Governance Methodology and Progression Matrix, <https://www.ifc.org/cgmethodology>. On adoption by more than 30 development finance institutions and investors, see IFC, 'Corporate Governance: An Investor's Perspective' (2017).

The Kreston Pedabo Deal Value Cycle

Our approach to M&A begins well before a deal is signed. We treat commercial due diligence across financial, tax, market, legal and HR dimensions as a mandatory step in determining the value an acquisition can generate. In reviewing how that diligence translates into integration, we have refined our framework in three ways. The value thesis now comes first, so that diligence tests a clearly stated hypothesis rather than generating one after the fact. Integration design moves ahead of closing, so that Day 1 is planned rather than improvised. And people, risk and controls run from Day 1 in parallel with operational change rather than following it, because talent flight and control failures tend to occur in the first weeks of an integration, not the last.

Stage	Core question	What it produces
1. Define the thesis	Why this deal, and where exactly will value come from?	A quantified value thesis with named synergies and dis-synergies, a justification for any premium and a walk-away price
2. Validate through diligence	Does the evidence support the thesis?	Financial, tax, commercial, legal, HR, technology, cybersecurity and ESG findings, with synergy estimates rebaselined
3. Design the integration	How much should we integrate, and how?	The integration approach, end-state operating model, governance structure, Day 1 plan and 100-day plan
4. Stabilise and protect	Is the base business safe?	Continuity of customers, cash, payroll, systems, compliance and critical talent
5. Integrate in parallel	Are the workstreams delivering together?	Coordinated execution across synergies, finance, tax, technology, people and culture, legal and risk
6. Measure and recalibrate	Is value arriving as promised?	Synergy tracking against the thesis, KPI dashboards and board reporting that feed back into the next decision

The cycle deliberately closes the loop: stage six reports against the thesis set in stage one, which keeps the conversation anchored to the plan rather than to narrative. It is the same discipline we argued for in *The Mid-Year Reckoning*, where we urged leadership teams to assess performance like for like against the January plan and to diagnose whether any shortfall stemmed from strategy, execution or the market. In an integration, the plan is the value thesis, and the reckoning should happen every month.

²³ Kreston Pedabo, Management Consulting services, <https://krestonpedabo.com/our-services/management-consulting/>.

²⁴ Kreston Pedabo, 'The Mid-Year Reckoning: Three Questions Every CXO Must Answer Before Writing Off, or Writing Up, 2026', June 2026.

Five Questions Every Board Should Ask

Question	What a good answer looks like
1. What exactly are we paying for?	Synergies quantified by category, with owners, timing and realisation risk, reconciled to the premium paid
2. Who owns the integration, and how are decisions made?	A named executive sponsor, an IMO with real authority and decision rights documented before Day 1
3. How are we protecting the base business?	Customer, revenue and talent metrics tracked weekly, with early-warning triggers and clear escalation
4. Have we structured for tax and regulatory efficiency?	NTA 2025 treatment confirmed, change-of-control consents mapped and competition clearance respected
5. How will we know it is working?	A synergy dashboard reported against the original thesis, with independent validation at key milestones

The Deal is the Promise; Integration is the Delivery

Nigeria's consolidation wave has produced larger, better capitalised institutions and a new generation of combined businesses across financial services and beyond. With the World Bank Group's new Country Partnership Framework for 2026–2032 focused on private sector-led growth and investment mobilisation,²⁵ the pressure on these businesses to perform, and not merely to exist, will only increase. The companies that emerge strongest will be those that treat closing as the starting line: clear about the value they paid for, deliberate about how much to integrate, disciplined in governance and relentless in measurement.

Kreston Pedabo supports boards and executive teams across the full deal life cycle, from commercial, financial and tax due diligence and valuation to integration planning, operating model design, tax structuring under the Nigeria Tax Act 2025, enterprise risk management, internal controls and cybersecurity. To discuss an integration under way or a transaction in view, contact your Kreston Pedabo relationship partner or send a mail to

mc@krestonpedabo.com

²⁵ World Bank Group, 'World Bank Launches New Country Partnership Framework for Nigeria and Financing to Accelerate Investment and Job Creation', press release, 29 June 2026.

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THE DISCIPLINE GAP

Cybersecurity in Africa's Financial Sector [Part 2 of 3]

Two Sectors, One Pattern What Actually Closes the Gap Between Nigeria and Ghana's Digital Risk

The first piece in this series introduced TRUST, the five-part lens we use to read cyber exposure: Third-Party & Vendor Exposure, Reporting Lines & Governance, Unmapped Attack Surface, Social Engineering & Human Execution, and Testing &

Verification. This piece takes two sectors, one in Nigeria and one in Ghana, and asks the only question that actually matters once a vulnerability pattern is clear - what, specifically, closes it?

Sector One: Financial Services and Interconnected Public Infrastructure (Nigeria)



A pattern we encounter often, illustrative rather than tied to any single named case; a Nigerian bank integrates a new payments API from a fintech partner to speed up merchant settlement. The vendor's test credentials, built for a sandbox environment, are still active in production months later, quietly carrying more access than anyone intended. Nobody notices until a routine review maps every live connection into the core banking system and finds an integration nobody remembers formally approving.

That pattern shows up across the region far more often than any single headline suggests, and it is worth naming plainly – an attacker rarely needs to breach a target directly. They need one point of entry with a path to the next one. A compromised or forgotten connection at one institution can become the credential, the trust relationship, or the network foothold that gets an attacker into another. That is a Third-Party & Vendor Exposure problem and an Unmapped Attack Surface problem at the same time. The seam between “our systems” and

“systems we are connected to” is exactly where lateral movement happens, and it is rarely mapped with the same rigour as the flagship system everyone audits.

Nigeria's own regulators have effectively confirmed this reading. At the 2026 GITEX Africa summit, NITDA's Director-General stated plainly that human error remains the leading cause of digital security breaches, and that artificial intelligence is now making such breaches both easier to execute and harder to detect¹. Recognising that no single agency can coordinate a national response alone, the federal government has since stood up a Ministerial Advisory Council for Cybersecurity Coordination, bringing NITDA, the Nigerian Communications Commission, and the Nigeria Data Protection Commission into one structure, targeted to be operational by September 2026². That is a Reporting Lines & Governance fix at the national level. It does nothing, however, for the institution that has not mapped its own third-party dependencies or tested whether its systems could be pivoted through in the same way.

What closes this gap

- ✓ A third-party and vendor risk assessment: a documented map of every system, vendor, or platform with a live connection into yours, and what access each one actually has, not what the contract says it should have.
- ✓ A network segmentation review: confirming that a compromise in one system genuinely cannot walk laterally into another, rather than assuming the architecture diagram reflects reality.
- ✓ A penetration test that specifically targets interconnection points: API integrations, shared vendor portals, and payment-platform links, rather than only the perimeter. This is usually the fastest, lowest-friction way to find out whether your organisation carries the same exposure, before it is found the hard way.

¹ National Information Technology Development Agency (NITDA), remarks by the Director-General at the 2026 GITEX Africa summit: human error remains the leading cause of digital security breaches, and artificial intelligence is increasingly being used to make such breaches harder to detect. Reported in MarketingEdge, April 2026.

² Nigeria's federal government has established a Ministerial Advisory Council for Cybersecurity Coordination, bringing NITDA, the Nigerian Communications Commission, and the Nigeria Data Protection Commission into a shared threat-intelligence and coordination structure, with a stated target of being operational by September 2026.

Sector Two: Telecom and Mobile Money (Ghana)



Ghana's exposure runs through a different channel but ends up at the same location. The Bank of Ghana's own financial stability review recorded 13,451 fraud cases across the financial sector in 2023, roughly a fifth of them mobile money scams, with fraud losses climbing from GH¢33 million in 2021 to GH¢56 million in 2022; mobile money fraud alone accounted for more than GH¢10 million of that. The Ghana Chamber of Telecommunications separately reported that cyber fraud cost citizens GH¢4.4 million in the first quarter of 2025 alone, roughly double the same period a year earlier³. In May 2025, MTN Ghana publicly acknowledged an intrusion by an unidentified third party, prompting the Cyber Security Expert Association Ghana to call for transparency about what had actually happened.

The through-line across almost all of this fraud is not a broken firewall. It is a convincing human interaction: a fraudulent agent, a socially engineered SIM replacement, a caller who sounds exactly like a telecom support agent asking to "verify" a PIN. Mobile money's entire value proposition, that a phone number functions as a bank account, is also its structural weakness, because every safeguard built around that number (one-time passcodes, password resets, account recovery) inherits whatever trust was placed in the person who issued or reissued the SIM behind it. That is Social Engineering & Human Execution risk sitting directly on top of a Third-Party & Vendor Exposure problem, because agents and retail SIM-issuance points are rarely employees. They are a distributed network of franchisees and partners operating at arm's length from head-office controls.

What closes this gap

- ✓ A social-engineering assessment: a controlled, authorised attempt to see whether your own agents, call-centre staff, or back-office team can be talked into a SIM reissue, a PIN reset, or a vendor bank-detail change they should not approve. This is the only reliable way to know if training has actually changed behaviour.
- ✓ An agent-network security review: auditing the controls enforced at the point where a phone number changes hands, such as identity verification, biometric checks, and transaction limits, rather than just the policy that describes them.
- ✓ A penetration test of the USSD, API, and app layers underneath the mobile money product itself: the technical counterpart to the human-layer testing above, and just as necessary, since a well-trained agent network does not help if the underlying channel has its own exploitable gap.

³ Bank of Ghana, 2023 Financial Stability Review: the financial sector recorded 13,451 fraud cases in 2023, of which mobile money scams accounted for approximately 20% (roughly 2,700 cases); fraud-related financial losses rose from GH¢33 million in 2021 to GH¢56 million in 2022, with mobile money fraud alone exceeding GH¢10 million. The Ghana Chamber of Telecommunications reported that cyber fraud cost citizens GH¢4.4 million in the first quarter of 2025 alone, roughly double the equivalent period the previous year. Separately, MTN Ghana publicly acknowledged an intrusion by an unidentified third party in May 2025, while stating that core financial platforms and MoMo wallets remained secure; the Cyber Security Expert Association Ghana (CSEAG) publicly called for full transparency and accountability regarding the incident. Source: GBC Ghana Online, "Financial crime: MoMo fraud and illicit financial flows in Ghana," 2025 to 2026.

The Common Denominator

Neither of these two patterns is, at heart, a story about weak technology. Nigerian banks and Ghanaian telecoms have both invested heavily in digital infrastructure. What both share is an untested assumption: that a connection to another system was safe because it was supposed to be, or that a process followed by an agent or a call-centre

employee would hold up under a determined, convincing attempt to break it. Assumptions like that are exactly what Testing & Verification exists to remove, and they are also exactly the assumptions that only get tested when someone runs a controlled, authorised version of the same attack an adversary would use.

Where to Start: Practical, Low-Friction Entry Points

None of the above requires a multi-year transformation programme before it delivers value. The most useful starting points are deliberately narrow:



Penetration testing: a controlled, authorised attempt to breach your own systems the way a real attacker would, scoped to a specific system, channel, or interconnection point. This is usually the fastest way for a board to get a concrete, evidence-based answer to “are we in fact exposed here,” rather than a reassurance based on policy documents.



A vendor and third-party risk assessment: mapping who has access to your systems and data today, ranked by risk, so the highest-exposure relationships get attention first.



A breach-readiness tabletop simulation: a short, structured exercise that tests whether your incident response plan works when people have to follow it under pressure, rather than simply existing as a document.



A data protection compliance gap review: benchmarking current practice against the Nigeria Data Protection Act or Ghana’s Data Protection Act, ahead of a regulator or a client asking first.

Each of these can be scoped as a single, contained engagement rather than a commitment to overhaul an entire security programme. That is deliberate, because the fastest way to lose momentum on cybersecurity is to make the first step feel as large as the problem. That should not be the case. The next and final piece in this series turns TRUST into a short, direct set of questions for CTOs, CROs, CIOs, and CISOs to bring into their next board or audit committee meeting, including the follow-up question to ask when the answer is a green dashboard and nothing else.



We look forward to sharing Pt 3 of this series.
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Expanded Input VAT Recovery Under the Nigeria Tax Act 2025

What has changed, where the limits lie, and what finance teams should do before the 2026 year-end

Introduction

Nine months into Nigeria's new tax regime, one change stands out for its direct effect on cash flow: the scope of recoverable input value added tax (VAT). The principle is simple. A business that pays VAT on its purchases while making taxable supplies should be able to offset that VAT against the VAT it charges its own customers. For most of the past three decades, Nigerian law honoured that principle only narrowly.

The Nigeria Tax Act, 2025 (NTA), which took effect on 1 January 2026 and replaced the Value Added Tax Act (VATA), has widened the line considerably. This article explains what has changed, where the new limits sit, how developments since January – the Nigeria Revenue Service (NRS) refund guidelines and the national e-invoicing rollout in particular – affect the practical benefit, and what businesses should do before the 2026 year-end.

¹ Nigeria Tax Act, 2025 (Act No. 7 of 2025) ("NTA") and Nigeria Tax Administration Act, 2025 (Act No. 5 of 2025) ("NTAA"), both effective 1 January 2026; the Value Added Tax Act ceased to apply after 31 December 2025. See BDO Global, "Nigeria – New Legislation Includes Important Changes to VAT Rules", Indirect Tax News (2026), <https://www.bdo.global/en-gb/insights/tax/indirect-tax/nigeria-new-legislation-includes-important-changes-to-vat-rules>.

The Old Regime: Section 17 of the VAT Act

Under section 17 of the VATA, deductible input tax was limited to VAT on goods purchased or imported directly for resale, and on goods forming stock-in-trade used in the direct production of a new product on which output VAT was charged. The section went further, expressly excluding input VAT on overheads, services and general administration, which was to be expensed and on capital items, which was to be capitalised with the asset.²

Even within the category of goods, the boundary was contested. In *CHI Limited v. FIRS*, the revenue authority read “stock-in-trade” narrowly as raw materials directly used in production, treating items such as gas,

spare parts and consumables as overheads on which input VAT could not be claimed.³

The practical result was that VAT on professional fees, software licences, technology infrastructure, vehicles, plant and equipment became a cost of doing business. It reduced taxable profit through expensing or capital allowances, but did nothing to reduce the VAT liability. Service-led and capital-intensive businesses – professional services, telecommunications, energy and the fee-earning operations of financial institutions – often remitted close to the full VAT they collected to the Federal Inland Revenue Service (FIRS),⁴ while absorbing VAT on their own inputs.

What the NTA Changes: Section 155(4)

Section 155(4) of the NTA provides:⁵

“Input tax incurred by a registered person on any taxable supply, including services and fixed assets made to such person, may be deducted from the tax payable by the person on its taxable supplies at the end of the tax period in which the supply occurred, but only to the extent that the input tax was incurred for the purpose of consumption, use or supply in the course of making taxable supplies.”

Two shifts matter. First, services and fixed assets are expressly brought within the scope of deductible input tax. Second, the focus of the recovery rule shifts from the nature or category of the expenditure to its use in, or connection with, making taxable supplies. In

practical terms, the question has moved from “what was acquired?” to “was the input incurred for the purpose of making taxable supplies?”

How far that second test extends is already debated.

² Value Added Tax Act, Cap. VI, Laws of the Federation of Nigeria 2004 (as amended), s. 17(1)–(3). Subsection (1) limited deductible input tax to tax on goods purchased or imported directly for resale and goods forming stock-in-trade used in the direct production of a new product on which output tax was charged; subsections (2) and (3) excluded input tax on overheads, services and general administration, and on capitalised assets.

³ *CHI Limited v. Federal Inland Revenue Service*, Appeal No. TAT/LZ/VAT/006/2021 (Tax Appeal Tribunal), as discussed in V. C. Udeh (KPMG Nigeria), “Input VAT Recoverability Under Nigeria’s New Tax Regime”, Mondaq, 7 April 2026, <https://www.mondaq.com/nigeria/sales-taxes-vat-gst/1769496/input-vat-recoverability-under-nigerias-new-tax-regime>.

⁴ Nigeria Revenue Service (Establishment) Act, 2025. The Federal Inland Revenue Service (FIRS) was succeeded by the Nigeria Revenue Service (NRS); references to the tax authority before 2026 in this article are therefore to FIRS.

⁵ NTA, s. 155(4). Section numbering note: this article follows the National Assembly-certified text of the NTA, which the NRS itself uses (see NRS Information Circular No. 2026/17, citing s. 155(2) for refunds). Commentaries prepared on the earlier gazetted text number the same provision s. 156. On the gazetted/certified discrepancy, see KPMG Nigeria, “Nigeria’s New Tax Laws: Inherent Errors, Inconsistencies, Gaps and Omissions”, 6 January 2026.

One reading treats the word “consumption” as standing apart, so that VAT on virtually all business consumption becomes recoverable; the other reads the closing words as a single condition, so that every input must be linked to making taxable supplies.⁶ In our view the narrower, purposive reading is the safer basis for planning: the provision opens and closes by reference to taxable supplies, and the apportionment proviso discussed below would make little sense if recovery were unlimited. Personal, entertainment and other non-business expenditure should be treated as outside the scope of recovery.

This framework brings Nigeria closer to the attribution-based approach adopted in a number of established VAT systems. In the United Kingdom, input tax is generally recoverable on supplies used or intended to be used for the purposes of a business, with the attribution rules determining the extent to

which the input tax relates to taxable supplies.⁷

The NTA wording more closely tracks South Africa’s definition of input tax which is linked to goods or services acquired for the purpose of consumption, use or supply in the course of making taxable supplies, subject to the applicable apportionment rules.⁸ A similar principle is reflected in section 17 of Kenya’s VAT Act, which permits deduction of input tax to the extent that the relevant goods or services were acquired for the purpose of making taxable supplies.⁹ A notable difference, however, is the period within which the input tax may be claimed. While Kenya generally permits input tax to be claimed within six months of the relevant supply, section 155(4)(b) of the NTA allows the deduction to be claimed within five years after the end of the tax period in which the input tax was incurred.

The Conditions: What Must Be Satisfied

The expanded right is conditional. Four limits deserve particular attention.

1

Apportionment for mixed supplies

Where input VAT relates to both taxable and non-taxable supplies, only the proportion attributable to taxable supplies may be deducted (section 155(4)(a)). This is especially significant for banks and other financial institutions. Because dealings in money and securities fall outside the VAT charge, a bank can recover only the share of its input VAT attributable to taxable fee and commission income, not the share attributable to interest or securities income.¹⁰ The expanded regime therefore helps such businesses, but only partially.

⁶ Udeh, *op. cit.* (n. 3), setting out the competing “restrictive” and “expansive” readings of the closing words of s. 155(4) and applying the mischief and purposive rules of interpretation.

⁷ United Kingdom: Value Added Tax Act 1994, s. 24(1) (input tax on supplies used or to be used for the purpose of any business) and s. 26 (attribution of input tax to taxable supplies).

⁸ South Africa: Value-Added Tax Act No. 89 of 1991, s. 1(1) (definition of “input tax”: acquired for the purpose of consumption, use or supply in the course of making taxable supplies) and s. 17(1) (apportionment).

⁹ Kenya: Value Added Tax Act, 2013 (No. 35 of 2013), s. 17(1)–(2), allowing input tax to the extent the supply was acquired to make taxable supplies, with a six-month claim window; applied, for example, in *Gobin Limited v. Commissioner of Domestic Taxes* [2024] KETAT 625 (KLR).

¹⁰ The NTA VAT exemption list includes money and securities: see KPMG Nigeria, “Inherent Errors...”, *op. cit.* (n. 5), item 14. On banks apportioning input tax between fee income and interest or securities income, see Regan van Rooy, “Nigerian Tax Law Reform: The Official Legislative Changes 2025” (2025).

The NTA says businesses must split their VAT, but it completely fails to give a mathematical formula for how to do it. Because the tax authority has not released any official rules yet, companies are left guessing, which creates a huge risk of getting penalised during a tax audit.

Businesses should adopt and consistently apply a reasonable and supportable methodology that reflects the use or attribution of the relevant inputs. Where costs can be directly attributed to taxable or non-taxable supplies, direct attribution should generally be applied. For residual shared costs that cannot be directly attributed, a reasonable allocation basis, such as a turnover-based ratio or another appropriate method reflecting the underlying use of the inputs, may be applied. Taxpayers should maintain adequate supporting documentation and be prepared to demonstrate the basis of their apportionment to the NRS in the event of an audit.

2

The five-year deduction window

Input VAT must be deducted within five years after the end of the tax period in which it was incurred, in accordance with section 155(4)(b) of the NTA.¹¹ Because the expanded right began only on 1 January 2026, the earliest expiries under this rule fall around 2031. A separate and more immediate deadline applies where a taxpayer has excess input VAT and seeks a cash refund. In such circumstances, the NRS requires the refund request to be made within 12 months of the transaction giving rise to the refund, failing which the right to the refund is forfeited.¹² Businesses with excess input positions from early 2026 should review their refund positions and applicable deadlines promptly.

3

No retrospective application

The expanded input tax recovery framework applies to taxable supplies made from the commencement of the NTA (section 155(5)).¹³ Accordingly, input VAT relating to services, fixed assets or other inputs incurred before 1 January 2026 cannot be brought within the expanded recovery framework by applying section 155(4) retrospectively. Input VAT that was already claimable under the old section 17 but not yet utilised is a separate matter, and transitional commentary indicates that it may still be claimed.

¹¹ NTA, s. 155(4)(b). See also EY, "Nigeria Tax Act, 2025 has been signed – highlights", Global Tax Alert (2025), https://www.ey.com/en_gl/technical/tax-alerts/nigeria-tax-act-2025-has-been-signed-highlights.

¹² Nigeria Revenue Service, Information Circular No. 2026/17, "Guidelines on Tax Refund", 29 June 2026, paras 10.1(3) (12-month refund window), 11.2 (VAT deducted at source), 11.4 (input VAT on exempt items), 12.0 (30-day processing), 15.0 (tax invoice contents) and 16.0 (penalties), https://www.nrs.gov.ng/uploads/GUIDELINES_ON_TAX_REFUND_30_05_2026_85b67c6137.pdf.

¹³ NTA, s. 155(5). On transitional treatment, including the carry-forward of input VAT that was already claimable but unutilised under the VAT Act, see Forvis Mazars Nigeria, "Navigating Nigeria's new tax era: Key transitional provisions and compliance considerations for 2026" (citing the gazetted numbering, s. 156(5)), <https://www.forvismazars.com/ng/en/insights/publications/local-insights/nigeria-tax-reforms-2026>.

4

Exempt and zero-rated outputs

Input VAT attributable to exempt supplies remains irrecoverable and should be expensed.¹⁴ By contrast, businesses making zero-rated supplies, including qualifying exports, may generally recover input VAT attributable to those supplies and may consequently find themselves in a structural refund position.¹⁵

The Income Tax Linkage: Section 21(p)



The NTA also establishes a direct link between VAT compliance and income tax deductibility. Section 21(p) provides that a deduction is not allowed for an expense on which VAT is due under the NTA but was not charged. In the case of imported items, the corresponding restriction applies where the applicable import duty or levy was not paid; a parallel proviso denies capital allowances on such assets.¹⁶

The provision is narrower than it is sometimes described. It does not make every input VAT irregularity a bar to deducting the underlying expense. Its target is a supply on which VAT should have been charged and was not. Its practical sting is that the buyer bears the consequence of the supplier's default, a point that has

drawn criticism, including a recommendation that the provision be removed.¹⁷

Separately, a valid tax invoice remains the foundation of any input claim. The NRS refund guidelines list the details it expects: the supplier's Tax ID, an invoice number, the supplier's name, address and registration number, the date of supply, the purchaser's name, the gross amount, and the VAT charged with its rate.¹⁸ The NTAA separately requires Tax IDs to be used in transactions.¹⁹ Procurement and accounts payable teams should treat a missing or defective invoice as a recovery problem and, where VAT was due but not charged, as an income tax problem too.

¹⁴ Nigeria Revenue Service, Information Circular No. 2026/17, "Guidelines on Tax Refund", 29 June 2026, paras 10.1(3) (12-month refund window), 11.2 (VAT deducted at source), 11.4 (input VAT on exempt items), 12.0 (30-day processing), 15.0 (tax invoice contents) and 16.0 (penalties), https://www.nrs.gov.ng/uploads/GUIDELINES_ON_TAX_REFUND_30_05_2026_85b67c6137.pdf.

¹⁵ NTA, s. 155(4)(b). See also EY, "Nigeria Tax Act, 2025 has been signed – highlights", Global Tax Alert (2025), https://www.ey.com/en_gl/technical/tax-alerts/nigeria-tax-act-2025-has-been-signed-highlights.

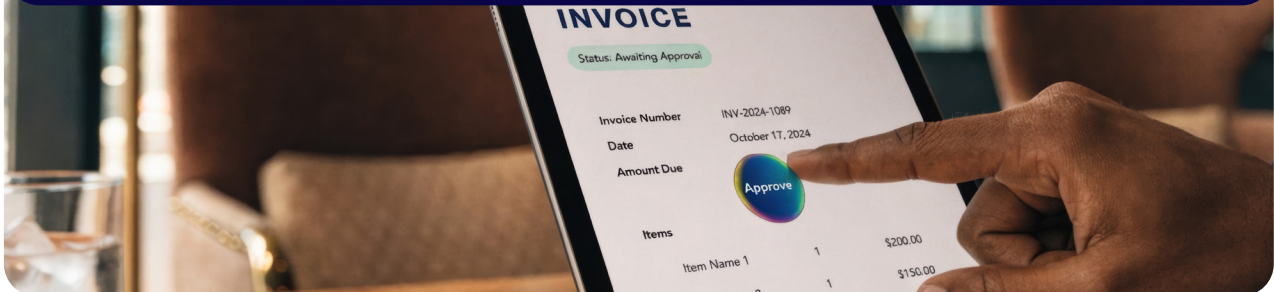
¹⁶ NTA, s. 21(p) (no deduction for any expense on which VAT is due but was not charged, or, for imported items, on which the applicable import duty or levy was not paid), and the proviso to s. 21(2) applying the same rule to capital allowances. See also BDO Global, op. cit. (n. 1).

¹⁷ KPMG Nigeria, "Inherent Errors...", op. cit. (n. 5), item 6, recommending that s. 21(p) be expunged. See also the remarks of Mr Oyebo Oye reported in "New Tax Act – Oye Says Rent Relief Limitations, Forex Deduction Restrictions, Other Hurdles May Hinder Successful Implementation", AllAfrica/THISDAY, 12 January 2026.

¹⁸ See n. 14 above.

¹⁹ NTAA, s. 8 (use of Tax ID in transactions); see UUBO, Tax Update Publication, 6 February 2026.

E-Invoicing: The Next Verification Layer



The NRS is progressively implementing its national e-invoicing framework through the Merchant Buyer Solution (MBS). Large taxpayers (annual turnover of ₦5 billion and above) were required to commence invoice transmission by 31 July 2026, while medium taxpayers (₦1 billion to ₦5 billion) commenced transmission from 1 July 2026.²⁰ NRS officials have stated that automated verification of input VAT claims against e-invoices has not yet commenced and that claims should continue under the existing process. However, validated invoices bearing an NRS Invoice Reference

Number are expected to become increasingly relevant to input VAT verification.²¹

While some market commentary suggests that input VAT may only be claimed on MBS-validated invoices, we have not seen formal NRS guidance confirming this position. Taxpayers should therefore continue to comply with the existing input VAT requirements while preparing for increased reliance on e-invoicing for VAT verification.

Cash Flow: Refunds and VAT Withheld at Source

Recovery is first achieved through offset against output VAT in the monthly return, with excess input VAT carried forward or refunded. The NRS guidelines provide for valid refund or set-off requests to be processed within 30 days, subject to submission of all prescribed information and supporting documents. False or fictitious VAT refund claims attract a penalty of 100% of the amount refunded, plus interest at the Central Bank of Nigeria monetary policy rate.²²

including suppliers to government agencies, should note that output VAT withheld and remitted by the customer cannot be offset against the supplier's input VAT incurred on the same transaction. Any resulting excess must instead be carried forward against subsequent output VAT or claimed as a refund.²³ For such businesses, the practical value of the expanded regime will therefore depend significantly on the efficiency of the refund process.

Businesses whose customers withhold VAT at source,

²⁰ 7 things to know about the NRS electronic invoicing, BusinessDay, 21 July 2026, <https://businessday.ng/business-economy/article/7-things-to-know-about-the-nrs-electronic-invoicing/>; "E-Invoicing – NRS' Way to Smarter Compliance", AllAfrica, 10 September 2026, <https://allafrica.com/stories/202609100373.html>; "NRS Announces Deadline for Large Taxpayers to Comply with New Tax Rule", Legit.ng, July 2026.

²¹ See n. 20 above.

²² Nigeria Revenue Service, Information Circular No. 2026/17, "Guidelines on Tax Refund", 29 June 2026, paras 10.1(3) (12-month refund window), 11.2 (VAT deducted at source), 11.4 (input VAT on exempt items), 12.0 (30-day processing), 15.0 (tax invoice contents) and 16.0 (penalties), https://www.nrs.gov.ng/uploads/GUIDELINES_ON_TAX_REFUND_30_05_2026_85b67c6137.pdf.

²³ See n. 22 above.

A Balanced Assessment



For taxpayers, the benefit is significant. VAT that was previously a sunk cost on services and capital expenditure can now be recovered, lowering the embedded tax cost of operations and investment and removing a distortion that fell most heavily on service-led and capital-intensive businesses. Every VAT-registered business should quantify what it has, and has not, claimed since 1 January 2026.



For the NRS, compliance becomes more self-reinforcing. Buyers have a financial incentive to ensure that suppliers are appropriately registered, charge VAT correctly and issue compliant invoices, while e-invoicing should facilitate the identification of transaction mismatches.



The cost is a heavier compliance load. Input VAT must now be tracked across every category of spend, mapped to taxable and non-taxable outputs, apportioned where necessary and evidenced in a desk review, audit or investigation. For businesses previously treating VAT largely as an expense, this represents a material change in finance processes and systems

A Note on the Nature of the Right

VAT charged to customers is not the supplier's revenue. The supplier collects it on behalf of the government and is required to remit it; the NTAA treats failure to remit tax collected as an offence.²⁴

Input VAT recovery is best understood as a conditional statutory entitlement. The NTA provides that input tax "may be deducted", subject to attribution to taxable supplies, apportionment, a time limit and documentation. Where those conditions are met, the business is entitled to the deduction and, where relevant, a refund. Where they are not, the claim fails. In any dispute, the burden of showing that the conditions are satisfied rests with the taxpayer, so assertions unsupported by records will not succeed.



²⁴ The NTAA creates specific offences for failure to remit tax deducted at source or self-accounted for, and for false or fictitious VAT refund claims. The description of collected VAT as "held in trust" is a widely used characterisation in Nigerian practice; we have not identified express trust language in the NTA or NTAA.

What Businesses Should Do Now

With one quarter of the first year under the new regime remaining, we recommend the following:

1**Review 2026 input VAT.**

Map input VAT incurred since 1 January 2026 by category of expenditure, identify what is now recoverable under section 155(4), and correct any returns in which recoverable VAT on services or fixed assets was expensed or capitalised instead of claimed.

2**Check the 12-month refund window.**

Where excess input VAT has built up, for example in exporters or suppliers subject to VAT withholding, prepare and file complete refund requests within 12 months of the underlying transactions.

3**Document an apportionment method.**

If the business makes both taxable and exempt supplies, set and document an apportionment basis now and apply it consistently. A methodology adopted in advance is far easier to defend than one constructed during an audit.

4**Raise documentation standards.**

Ensure every supplier invoice meets the NRS content requirements, and treat missing Tax IDs or VAT omitted where due as exceptions to be resolved before payment.

5**Prepare the supplier base for e-invoicing.**

Confirm the MBS status of key suppliers and build Invoice Reference Number capture into accounts payable processes ahead of automated input VAT verification.

6**Brief finance and procurement teams.**

Explain the section 21(p) consequence of buying from suppliers that fail to charge VAT where it is due, so that purchasing decisions reflect the income tax cost.

7**Confirm legacy balances.**

Identify any input VAT that was claimable under the old section 17 but not yet utilised at 31 December 2025, and confirm its treatment.



Conclusion

The expansion of input VAT recovery is among the most significant and taxpayer-friendly changes in the NTA. By replacing the narrow, category-based restriction of the old section 17 with a test based on attribution to taxable supplies, the law removes a long-standing inequity that weighed on service businesses and capital-intensive industries.

The benefit is not automatic. It depends on sound records, a defensible apportionment method, attention to the refund deadline and readiness for e-invoicing. Businesses that put those foundations in place will capture the full value of the change; those that continue to expense VAT by default will leave money on the table.

Kreston Pedabo advises businesses across Nigeria on VAT, corporate tax, tax controversy and compliance under the new tax laws. To discuss an input VAT review, an apportionment methodology or e-invoicing readiness, contact your Kreston Pedabo relationship partner. This article is for general information only and does not constitute advice on any specific matter.

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