Nigeria Tax Reform Acts: Implications, Challenges and Prospects

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ABSTRACT

This paper critically examines the 2025 Nigerian Tax Reform Acts, comprising the Nigeria Tax Act (NTA), Nigeria Tax Administration Act (NTAA), Nigeria Revenue Service Establishment Act (NRSEA), and the Joint Revenue Board Establishment Act (JRBEA). These Acts represent the most comprehensive overhaul of Nigeria's tax system in decades, aiming to modernize, consolidate, and digitalize tax administration while enhancing intergovernmental coordination and fiscal transparency. The study employed a review and analysis of research papers, recent legal texts, government policy briefs, and professional insights.

The paper evaluates the structural and procedural reforms introduced by each Act, including the replacement of outdated tax statutes, the introduction of progressive income tax and zero-rated VAT provisions, the establishment of the Nigeria Revenue Service (NRS), and the creation of a centralized Joint Revenue Board to harmonize federal, state, and local tax administration. It also explores the anticipated challenges associated with implementation, such as infrastructure deficits, institutional resistance, digital exclusion, constitutional tensions, and data privacy concerns.

Despite these hurdles, the paper argues that the Acts collectively offers strong prospects for enhancing revenue generation, improving taxpayer equity, supporting business formalization, and fostering a more accountable fiscal system. The conclusion emphasizes that the long-term success of these reforms will depend on political will, capacity building, stakeholder engagement, and effective enforcement mechanisms.

INTRODUCTION

Taxation is critical for economic stability, when managed efficiently, it enables governments to finance development initiatives and deliver public services. In Nigeria, tax administration has historically been hampered by fragmentation across multiple agencies, jurisdictional disputes between federal and state revenue bodies, and systemic inefficiencies. These issues have collectively hindered tax compliance, exacerbated revenue leakages, and caused duplication of efforts, thus underlining the urgency for comprehensive reform (Muniru, 2025; Edeh, 2023)

Tax reforms play a strategic role in promoting economic diversification, reducing reliance on oil revenues, and ensuring equitable tax distribution. These objectives are central to the 2025 Tax Reform Acts, which combine consolidated legislation with new measures aimed at improving compliance, broadening the tax base, and creating a more inclusive system (Makar et al., 2025; Aina, 2025)

On October 3, 2024, the President of the Federal Republic of Nigeria, submitted four tax reform bills to the National Assembly namely, the Nigeria Tax Bill (now NTA 2025), the Nigeria Tax Administration Bill, the Nigeria Revenue Service Establishment Bill, and the Joint Revenue Board Establishment Bill (PLAC, 2025).

Following legislative passage, the House of Representative approved the Acts in March 2025, the Senate did so on May 9, 2025, and the President gave assent on 26 June, 2025, thereby transforming them into enforceable laws (PwC Nigeria, 2025)

These Acts were designed to modernize, harmonize, and consolidate Nigeria's fragmented tax system into a single legal framework, thereby enhancing administrative efficiency, reducing taxpayer burdens, and increasing transparency (PwC Nigeria, 2025; NESG, 2025)

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As Orji (2025) notes, the NTA centralizes previously fragmented tax statutes to simplify compliance and enable clearer guidance, while effectively shifting the tax burden toward higher-income individuals (Okeke, 2025).

Collectively, the reform Acts aim to deliver a more efficient, transparent, and equitable tax system capable of supporting sustained economic growth (NESG, 2025; PLAC, 2025)

Key features of the NTA 2025 include new thresholds that exempt low-income earners and SMEs, a progressive personal income tax schedule, reforms to VAT with refundable credits and zero-rating of essentials, and an increased capital gains tax threshold for compensation (PwC Nigeria, 2025; PLAC, January 2025)

Complementing the NTA, the Nigeria Tax Administration Act (NTAA) 2025 establishes a digital tax administration system, including e-filing, electronic fiscal devices, and greater enforcement powers to combat evasion (NESG, 2025)

The Nigeria Revenue Service Establishment Act (NRSEA) 2025 creates the Nigeria Revenue Service (NRS), which replaces FIRS and centralizes federal revenue functions under a more autonomous and digitally enabled agency (Okeke, 2025)

Finally, the Joint Revenue Board Act (JRBEA) 2025 introduces mechanisms for intergovernmental collaboration, equitable revenue sharing, and integrated dispute resolution through the Tax Appeal Tribunal and Tax Ombudsman (PLAC, 2025)

Overall, these interconnected reforms hold the promise of transforming Nigeria's tax system by improving administration, promoting stakeholder coordination, encouraging investment, and enhancing fiscal transparency. Yet, their success hinges on robust political will, institutional readiness, stakeholder engagement, and effective enforcement (Edeh, 2023; Makar et al., 2025).

REVIEW OF THE FOUR ACTS

2.1 Nigeria Tax Act (NTA) 2025

The Nigeria Tax Act (NTA) 2025 represents a landmark reform that consolidates and modernizes Nigeria's fragmented tax system. It repeals 11 outdated statutes, amends over 13 others, and introduces a harmonized tax regime aimed at improving clarity, compliance, and competitiveness in the Nigerian tax space (KPMG Nigeria, 2025; PwC Nigeria, 2025).

The repealed laws include the Capital Gains Tax Act, Companies Income Tax Act, Personal Income Tax Act, Stamp Duties Act, Petroleum Profits Tax Act, Value Added Tax Act, among others. This sweeping consolidation promotes legal clarity and minimizes the duplication of taxes across federal and subnational levels (PwC Nigeria, 2025; UUBO, 2025).

2.1.1 Small and Medium Enterprises (SMEs) Relief and Corporate Tax Reforms

Section 56 of the NTA 2025 exempts companies with annual turnover below ₦100 million and fixed assets under ₦250 million from Company Income Tax (CIT), while those above that threshold are taxed at a standard 30% rate (KPMG Nigeria, 2025). Additionally, large multinational entities are now subject to a 15% minimum effective tax rate (ETR) in line with the OECD global minimum tax principles (PwC Nigeria, 2025).

These measures are designed to reduce the tax burden on small businesses and improve Nigeria's competitiveness in attracting investment and formalizing informal businesses (EY, 2025).

2.1.2 Progressive Personal Income Tax and Tax-Free Threshold

Section 58 introduces a progressive Personal Income Tax (PIT) structure that exempts individuals earning below ₦800,000 annually. This threshold is aimed at protecting low-income earners, especially those in the informal sector. Persona Income Tax rate bands increase progressively up to a 25% maximum rate for individuals earning over ₦50 million per annum (Okeke 2025).

This reform corrects long-standing inequities in Nigeria's tax structure by ensuring that high-income earners bear a larger share of the tax burden, while the poor are shielded from further financial strain (PwC Nigeria, 2025).

2.1.3 Capital Gains Tax (CGT) Enhancements

The NTA 2025 realigns CGT rates and introduces broader applicability, for companies, the CGT rate has been raised from a flat 10% to 30%, now matching the corporate income tax rate, while for individuals, CGT is no longer flat. It is now levied under the progressive personal income tax bands, with rates up to 25%. Indirect transfers of shares, including those via offshore holding companies or restructurings, are now subject to CGT, closing a long-standing tax loophole (EY, 2025). Another key component of the Act is that exemptions now apply only when sales proceeds are below ₦150 million and gains are below ₦10 million within a 12-month window, while CGT now applies to non-traditional and digital assets, including digital/virtual assets, cryptocurrencies, intellectual property rights, and other incorporeal assets, and lastly CGT exemption for compensation related to loss of employment or personal injury has been increased from ₦10 million to ₦50 million(UUBO, 2025; Okeke, 2025).

2.1.4 VAT Reforms: Zero-Rating and Sector-Specific Exemptions

The Act transitions essential items such as food, education, and healthcare from VAT-exempt to zero-rated status under Section 188, enabling suppliers to claim input VAT refunds while consumers pay no VAT (PwC Nigeria, 2025; KPMG Nigeria, 2025).

Additionally, renewable energy equipment such as solar panels and wind turbines has been made VAT-exempt to incentivize green investment. However, residential rent and public transportation remain VAT-exempt and non-creditable, limiting suppliers' ability to reclaim VAT (EY, 2025).

2.1.5 VAT Recovery Enhancements

Section 154 establishes a five-year window for businesses to claim VAT refunds, resolving long-standing issues of delayed or denied claims under the previous VAT Act. Refunds must be processed within 30 days, with penalties for fraudulent claims (KPMG Nigeria, 2025; EY, 2025).

This provision improves liquidity, especially for capital-intensive businesses, and aligns with global best practices for VAT credit mechanisms (PwC Nigeria, 2025).

2.2 Nigeria Tax Administration Act (NTAA) 2025

The Nigeria Tax Administration Act (NTAA) 2025 introduces a unified procedural framework that standardizes tax administration across federal and subnational levels. It mandates digital tax systems, simplifies compliance, and strengthens enforcement mechanisms. A major feature is the implementation of real-time electronic fiscal devices, as stipulated in Sections 28 and 29, enabling automatic transaction recording and data transmission to tax authorities (PwC Nigeria, 2025; EY, 2025).

Section 77 introduces a consumption-based VAT allocation formula which allocates 10% to the Federal Government, 55% to States, and 35% to Local Governments. While 60% of state allocations are based on derivation, addressing long-standing complaints about unfair revenue distribution (KPMG Nigeria, 2025).

Section 22(12) mandates state-by-state VAT reporting, supporting transparency and enforcement under the derivation model. Businesses are required to adopt certified fiscal devices, ensuring traceable, real-time reporting and improved compliance (UUBO, 2025).

NTAA 2025 positions Nigeria to embrace digital first tax administration, reduce leakages, and improve revenue mobilization.

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2.3 Nigeria Revenue Service (Establishment) Act (NRSEA) 2025

The NRSEA 2025 dissolves the Federal Inland Revenue Service (FIRS) and establishes the Nigeria Revenue Service (NRS) as a corporate entity with broader powers and autonomy. Section 3 confers full legal personality on the NRS, empowering it to own property, sue and be sued, and operate independently of political interference (PwC Nigeria, 2025).

Section 4 outlines the NRS's mandate which includes assessment, collection, enforcement, advisory, taxpayer education, and automation of tax systems. Section 39 authorizes the Accountant-General to deduct unremitted revenues from MDAs' federal allocations ensuring prompt compliance, though raising constitutional questions about agency autonomy (EY, 2025).

The Act empowers the NRS to collaborate with state and local revenue agencies and foreign tax jurisdictions, laying the foundation for harmonized and globally aligned tax governance. It is a major institutional shift aimed at improving efficiency, accountability, and professionalism in revenue administration (KPMG Nigeria, 2025; Okeke, 2025).

2.4 Joint Revenue Board (Establishment) Act (JRBEA) 2025

The JRBEA 2025 establishes the Joint Revenue Board (JRB), tasked with promoting synergy among federal, state, and local revenue agencies. It addresses Nigeria's tax fragmentation through data integration, policy coordination, and institutional cooperation (Okeke, 2025).

Sections 23 and 36 establish two key innovations: the Tax Appeal Tribunal (TAT) and the Office of the Tax Ombudsman. The TAT's role is expanded under the Act, while the Ombudsman introduces an independent administrative dispute mechanism ensuring due process and protecting taxpayer rights (PwC Nigeria, 2025).

The JRB is also responsible for maintaining a centralized taxpayer database, standardizing audits, and facilitating joint tax initiatives. However, its success depends on data integrity, intergovernmental collaboration, and sustained political will. If fully operationalized, JRBEA 2025 could help eliminate multiple taxation, expand the tax base, and boost public trust (UUBO, 2025; EY, 2025).

ENVISAGED CHALLENGES TO THE 2025 TAX REFORM ACTS

3.1 Envisaged Challenges of the Nigeria Tax Act (NTA) 2025

The Nigeria Tax Act (NTA) 2025 marks a historic shift in Nigeria's tax framework. While the consolidation of 11 tax laws and amendments to over a dozen others is aimed at harmonizing tax regulations, the process comes with immense transitional burdens. One of the immediate challenges is regulatory complexity and awareness deficit. As PwC Nigeria (2025) notes, many taxpayers, especially in the informal sector, are unfamiliar with the new personal income tax bands, VAT zero-rating mechanisms, and exemption thresholds for SMEs. Taxpayers accustomed to legacy systems may struggle to comply with the restructured framework, leading to unintentional non-compliance and revenue gaps.

KPMG Nigeria (2025) highlights that a lack of stakeholder readiness, particularly among SMEs and tax enforcement personnel, may delay the full implementation of NTA 2025. Despite efforts to simplify procedures, the learning curve for interpreting overhauled statutes especially where they differ substantively from repealed Acts like the Companies Income Tax Act or Personal Income Tax Act remains steep.

Another issue is the fiscal cost of equity-driven reforms. The NTA exempts individuals earning below ₦800,000 and businesses generating less than ₦100 million from income tax. While this supports social equity and business growth, it also narrows the tax base in a country that already has a low tax-to-GDP ratio (UUBO, 2025). According to Aina (2025), these reliefs, though well-intentioned, could weaken Nigeria's revenue mobilization capacity if not paired with widened compliance coverage or complementary indirect taxes.

Additionally, the Capital Gains Tax (CGT) provisions under the Nigeria Tax Act 2025 faces several notable challenges which include low taxpayer awareness of the shift to PIT-based CGT rates, enforcement difficulties in informal sectors where many capital transactions go unreported, and the lack of infrastructure to track offshore or digital asset transfers. Valuation complexities, especially for real estate and private assets, may result in disputes or underreporting, while the absence of robust anti-avoidance rules could encourage tax planning schemes that exploit CGT exemptions. Additionally, the Nigeria Revenue Service (NRS), which has not commenced transitioning from the FIRS, may lack the administrative capacity and real-time data access necessary for effective CGT monitoring and enforcement. Without targeted investments in digital infrastructure, taxpayer education, and inter-agency coordination, these challenges could significantly undermine the goals of the CGT reform (EY Global, 2025 and Okeke 2025)

Makar, Pillah & Ayeh (2025) further assert that the zero-rating of essential goods such as food, health, and education, though commendable, places new demands on VAT monitoring. Inaccurate supplier reporting, inflated input VAT claims, and refund frauds are risks that FIRS previously struggled to manage, and which may persist if enforcement is not significantly enhanced.

3.2 Envisaged Challenges of the Nigeria Tax Administration Act (NTAA) 2025

The NTAA 2025 aims to modernize and unify tax administration, with a core focus on digitalization. However, infrastructure deficits and digital illiteracy are major roadblocks to full implementation. Sections 28 and 29 mandate real-time electronic tracking of taxable supplies and e-invoicing, but many businesses in rural and semi-urban areas lack access to reliable internet, consistent power supply, and the technical know-how to adopt such systems (PwC Nigeria, 2025).

EY Global (2025) warns that the NTAA 2025 could inadvertently exacerbate exclusion from the formal tax system if digital mandates are not supported by large-scale infrastructure investments. Informal businesses may retreat further from tax compliance if regulatory demands are technologically overwhelming.

A second concern is the legal ambiguity surrounding VAT control. Though Section 77 of the NTAA introduces a derivation-based formula that allocates 60% of subnational VAT shares based on consumption, states such as Lagos and Rivers have historically contested federal authority over VAT (PLAC, 2025). Okeke (2025) notes that unresolved litigation or legislative friction may obstruct the rollout of standardized VAT administration, creating jurisdictional fragmentation.

There is also the issue of data governance and privacy. The NTAA mandates integration of taxpayer data across agencies, but Nigeria's data protection regime remains weak. As Edeh (2023) explains, real-time transaction tracking without robust cybersecurity frameworks exposes taxpayer data to risks of breaches, identity theft, and political misuse.

Furthermore, UUBO (2025) observes that the NTAA lacks clear funding mechanisms for digital system upgrades, staff training, or public sensitization. Thus, the law may remain a policy ideal with limited practical impact unless backed by fiscal allocation and institutional preparedness.

3.3 Envisaged Challenges of the Nigeria Revenue Service (Establishment) Act (NRSEA) 2025

The Nigeria Revenue Service Establishment Act 2025 replaces the FIRS with the NRS, a move intended to centralize and professionalize federal tax collection. However, institutional resistance and transitional frictions are expected. NESG (2025) cautions that merging structures, retraining staff, and overhauling systems may disrupt operations in the short term, particularly as legacy FIRS personnel adjust to new reporting lines and protocols.

One of the most debated provisions is Section 39, which authorizes the Accountant-General to deduct unremitted revenues directly from the budgetary allocations of defaulting MDAs, though meant to enforce fiscal discipline, this measure raises constitutional questions regarding due process and separation of powers, this has prompted KPMG Nigeria (2025) to note that without independent oversight, deductions may be perceived as punitive or politically motivated. EY Global (2025) further argues that procedural clarity is needed to clearly define non-

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remittance and dispute arbitration mechanisms. In the absence of clear regulations, this clause may trigger lawsuits from MDAs or resistance from civil servants.

Another structural concern is institutional overlap with the JRB. Both bodies are empowered to coordinate tax compliance and data integration. Unless roles are delineated clearly, tough battles between the NRS and the JRB could stall implementation, confuse taxpayers, or lead to duplicative compliance obligations (UUBO, 2025).

Finally, concerns about the NRS's autonomy remain critical. Though intended as an independent body, the appointment of key officials is still influenced by the executive arm. Okeke (2025) warns that if the agency becomes politicized, tax enforcement could lose credibility particularly among high-net-worth individuals or politically exposed persons.

3.4 Envisaged Challenges of the Joint Revenue Board (Establishment) Act (JRBEA) 2025

The Joint Revenue Board (JRB), created by the JRBEA 2025, is expected to serve as a coordinating forum for intergovernmental tax policy. However, its success is tied to political will and functional clarity. According to PLAC (2025), the biggest risk is that the JRB becomes another ceremonial body with limited operational authority.

State governments, especially those with strong fiscal positions like Lagos, may view the JRB as a centralizing threat to fiscal federalism. Aina (2025) argues that if subnational voices are not equally represented or empowered, the JRB will lack legitimacy and cooperation from its members.

Another challenge is the integrated taxpayer database. While centralization offers many benefits, it depends on the capacity of states to generate clean, validated data. In many states, data is still paper-based or siloed in outdated software (Makar et al., 2025). Without harmonized taxpayer IDs and interconnectivity standards, integration will fail or produce inaccurate records.

UUBO (2025) also notes the risk of institutional redundancy between the JRB and the newly formed NRS. If both entities claim overlapping mandates such as taxpayer education, audits, or dispute resolution, coordination challenges may emerge.

Moreover, the JRBEA is vague about funding mechanisms for the JRB. No standalone budget or cost-sharing formula is prescribed. As a result, its operational sustainability may be threatened unless donor or federal funding is secured (NESG, 2025).

Finally, the lack of a binding conflict resolution mechanism for inter-agency disagreements could stall tax enforcement, as previous tensions between FIRS and state boards have shown. Okeke (2025) suggests the inclusion of a neutral arbitration panel in future amendments to resolve such conflicts.

PROSPECTS OF THE 2025 TAX REFORM ACTS DESPITE ENUMERATED CHALLENGES

4.1 Prospects of the Nigeria Tax Act (NTA) 2025

The Nigeria Tax Act (NTA) 2025 represents a major turning point in the legal framework of taxation in Nigeria. Notwithstanding the envisaged challenges associated with its transition and implementation, the Act is widely seen by scholars and professionals as a potentially transformative tool for creating a more equitable, efficient, and predictable tax environment. A key advantage of the Act is the legal consolidation it achieves. By repealing 11 existing statutes and amending 13 others, the NTA eliminates longstanding contradictions and procedural ambiguities across tax laws, thus creating a single, coherent legal document that simplifies tax interpretation and compliance (PwC Nigeria, 2025). This streamlining is expected to significantly reduce administrative burdens on both taxpayers and tax administrators.

Furthermore, the Act is seen as a critical mechanism for enhancing equity in Nigeria's tax system. The progressive personal income tax regime introduced in the Act shields low-income earners from tax liabilities by

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exempting incomes up to ₦800,000 annually, while higher earners are taxed on a graduated scale (UUBO, 2025). This structure aligns with global best practices and ensures that the tax burden is more equitably distributed across income classes. Similarly, the exemption of companies with annual turnover below ₦100 million from Companies Income Tax (CIT) is likely to encourage the growth and formalization of micro and small businesses that previously operated in the informal sector due to tax compliance fears (EY Global, 2025).

The Act also advances fiscal modernization through its VAT reforms. Prior to the NTA, essential goods such as basic food items, healthcare services, and education were VAT-exempt, meaning no VAT was charged to consumers, but producers were also unable to recover input VAT incurred. The NTA's adoption of a zero-rating model for these goods and services enables producers to claim VAT refunds, which is expected to reduce production costs and improve affordability for consumers (Makar et al., 2025). This transition is particularly significant for pro-poor fiscal policy, as it protects vulnerable populations from regressive taxation while incentivizing formal economic activity among suppliers.

In addition, the NTA enhances business liquidity and operational efficiency through the introduction of a more flexible VAT recovery framework. Under Section 154 of the Act, businesses may now carry forward excess input VAT or apply for refunds within a five-year window, which represents a major improvement over the cumbersome and often arbitrary refund system under previous laws (PwC Nigeria, 2025). This change is projected to reduce cash-flow challenges for firms, particularly those in capital-intensive sectors.

The Act also aligns Nigeria's tax structure with international standards, especially through amendments that reflect OECD Base Erosion and Profit Shifting (BEPS) initiatives. The incorporation of modern provisions for the taxation of digital transactions and cross-border services suggests that Nigeria is positioning itself to more effectively capture revenue from the digital economy, a sector that has seen rapid growth in recent years (KPMG Nigeria, 2025).

Overall, the prospects of the NTA 2025 are significant, if implemented effectively and backed by strong enforcement and public education, the Act could become a flagship legislative achievement that not only improves tax equity and compliance but also strengthens Nigeria's fiscal resilience and macroeconomic stability.

4.2 Prospects of the Nigeria Tax Administration Act (NTAA) 2025

The Nigeria Tax Administration Act (NTAA) 2025, despite the constitutional and infrastructural challenges it presents, could be regarded as a crucial legislative tool for modernizing Nigeria's tax compliance environment. The Act introduces sweeping reforms aimed at digitizing the tax administration process, harmonizing procedures across all levels of government, and improving revenue transparency. One of its most notable prospects lies in its ability to institutionalize real-time tax compliance through the mandated deployment of electronic fiscal systems. Sections 28 and 29 require businesses to use digital tools for recording and transmitting transactions in real-time. According to EY Global (2025), this has the potential to significantly curb underreporting, reduce tax base evasion, and generate more accurate data for fiscal planning.

Equally important is the Act's provision for harmonized reporting and procedural uniformity. By unifying administrative processes previously scattered across multiple laws and jurisdictions, the NTAA is expected to reduce taxpayer confusion, encourage voluntary compliance, and improve the cost-effectiveness of tax administration (PwC Nigeria, 2025). Moreover, the Act enables the Nigeria Revenue Service (NRS) to create an integrated taxpayer database, which is intended to enhance audit capacity, identify tax avoidance schemes, and support the automation of risk profiling and enforcement (UUBO, 2025).

From a fiscal federalism perspective, the NTAA addresses some longstanding grievances through its revised VAT sharing formula. Section 77 introduces a derivation-based allocation system in which 60% of subnational VAT shares are distributed based on actual consumption. This approach rewards productivity, incentivizes formal sector expansion at the state level, and may encourage healthy competition among states to grow their taxable base (PLAC, 2025).

Additionally, the NTAA promotes data transparency and inter-agency collaboration. By compelling taxpayers to report state-level VAT sales and enabling the integration of tax records across institutions, the Act lays the groundwork for better-informed fiscal policy decisions. Okeke (2025) emphasizes that with proper safeguards, these reforms could help reduce tax leakages and improve accountability.

While the implementation of these measures depends heavily on investment in infrastructure and taxpayer education, the NTAA is widely regarded as a catalyst for building a tax system that is fair, efficient, and aligned with Nigeria's digital transformation agenda (Okeke, 2025).

4.3 Prospects of the Nigeria Revenue Service Establishment Act (NRSEA) 2025

The Nigeria Revenue Service Establishment Act (NRSEA) 2025 offers profound institutional reform by creating a new revenue authority to replace the Federal Inland Revenue Service (FIRS). This transformation is not merely cosmetic; it introduces a new governance structure intended to professionalize tax administration, reduce inefficiencies, and improve compliance across all tiers of government. One of the Act's key strengths is the institutional autonomy granted to the Nigeria Revenue Service (NRS). Unlike FIRS, which operated within the Ministry of Finance, the NRS is established as a corporate entity with operational independence, thereby reducing political interference and strengthening enforcement capacity (KPMG Nigeria, 2025).

In addition to professional autonomy, the NRS is mandated to deploy electronic fiscal systems for real-time VAT monitoring. This technological infrastructure, once fully implemented, is expected to close gaps in collection and reporting, minimize revenue leakages, and create a database-driven tax compliance ecosystem (EY Global, 2025). The ability of the NRS to provide support services to state and local governments as permitted under Section 5 of the Act also offers prospects for greater harmonization of tax enforcement across the federation.

Section 39 of the NRSEA, which allows the Accountant-General to deduct unremitted revenues directly from MDA allocations, represents a strong tool for fiscal discipline. If applied transparently and with due process, it could drastically reduce cases of revenue diversion and improve remittance compliance among public institutions (PwC Nigeria, 2025).

The NRSEA also introduces a framework for integrating tax compliance with digital identity systems, including the harmonization of tax identification numbers (TINs) and financial records. This could greatly improve taxpayer profiling, reduce fraud, and support targeted audits.

In sum, the NRSEA holds immense promise in transforming Nigeria's federal tax administration architecture into a more autonomous, digital, and enforcement-driven system. Its successful implementation could be a game-changer in building long-term public trust and credibility in the Nigerian tax system.

4.4 Prospects of the Joint Revenue Board Establishment Act (JRBEA) 2025

The Joint Revenue Board Establishment Act (JRBEA) 2025 is perhaps the most ambitious in terms of cooperative federalism and institutional harmonization (Okeke, 2025). It offers a unique prospect for unifying tax administration efforts across federal, state, and local governments through the establishment of the Joint Revenue Board (JRB). The Act envisions a tax governance body where all levels of government collaborate on policy formulation, taxpayer registration, audit coordination, and dispute resolution. According to PLAC (2025), this framework offers a significant opportunity to resolve jurisdictional overlaps that have historically led to multiple taxation, conflicting notices, and taxpayer apathy.

Another key prospect is the establishment of a centralized taxpayer database under the auspices of the JRB. This database is expected to promote uniform taxpayer identification and eliminate double taxation by providing a shared source of taxpayer information across jurisdictions. Makar et al. (2025) notes that with adequate digital infrastructure and inter-agency data protocols, this innovation could facilitate data-driven policymaking and improve revenue forecasting.

The JRBEA also strengthens taxpayer protection by establishing independent redress mechanisms, such as the Tax Appeal Tribunal and the Office of the Tax Ombudsman. These institutions provide non-litigious platforms for resolving disputes, especially for SMEs and individuals who lack the resources to pursue formal litigation

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(UUBO, 2025).

Moreover, the JRB is positioned to standardize tax procedures, documentation, and communication across all 36 states and the FCT. This creates consistency and predictability for taxpayers operating in multiple jurisdictions, thereby enhancing Nigeria's attractiveness to domestic and foreign investors (NESG, 2025).

Although the success of the JRB will depend on political will and intergovernmental trust, its institutional framework if effectively implemented, could foster an unprecedented level of policy coherence and administrative efficiency in Nigeria's tax landscape.

LIMITATIONS OF THE STUDY

While this study provides a comprehensive assessment of the four Nigerian Tax Reform Acts of 2025, namely the Nigeria Tax Act (NTA), Nigeria Tax Administration Act (NTAA), Nigeria Revenue Service Establishment Act (NRSEA), and the Joint Revenue Board Establishment Act (JRBEA) it is not without limitations.

First, the study relies predominantly on textual analysis of the enacted legislation, supported by secondary data from journal articles, policy briefs, legal commentaries, and professional reports published by institutions such as PwC Nigeria, KPMG, EY Global, and UUBO. Although these sources are reputable and current, the absence of primary empirical data such as interviews with policymakers, tax administrators, or affected stakeholders limits the practical depth of the analysis.

Secondly, as the Acts were only recently passed in 2025, there is limited post-enactment data to assess the actual implementation outcomes, behavioural responses from taxpayers, or operational challenges encountered by the Nigeria Revenue Service or Joint Revenue Board. The analysis is therefore largely forward-looking and anticipatory in nature.

Finally, given the evolving nature of tax jurisprudence and ongoing constitutional debates particularly surrounding VAT control and revenue sharing, some of the policy assumptions in this paper may be subject to judicial interpretation or legislative amendment in the near future.

Despite these limitations, the paper offers a timely and analytically grounded examination of the potential impacts, prospects, and structural challenges associated with Nigeria's most significant tax reform initiative in decades.

SUGGESTIONS

To translate the ambitious provisions of the Tax Reform Acts 2025 into practical outcomes, a multi-pronged implementation framework is necessary.

First, institutional coordination must be strengthened through the establishment of a permanent National Tax Policy Council chaired by the Ministry of Finance but with equal representation from the Nigeria Revenue Service (NRS), Joint Revenue Board (JRB), state revenue authorities, and civil society observers. This body should address inter-agency conflicts, develop harmonized monitoring and control standards, and publish binding guidelines on revenue-sharing formulas to prevent duplication of mandates and fiscal disputes.

Second, technology should be placed at the heart of implementation by investing in a centralized tax data warehouse that integrates taxpayer records from MDAs, banks, telecoms, and corporate registries. The adoption of Artificial Intelligence (AI) driven risk engines for audit selection and fraud detection will enhance compliance monitoring, while simplified e-filing and mobile payment platforms should be extended to SMEs and informal sector operators. To bridge the digital divide, taxpayer support kiosks should also be established in rural communities.

Third, equity and inclusion must be mainstreamed into Nigeria's tax system. The government should conduct annual Tax Incidence and Equity Studies to evaluate whether VAT exemptions, small-company reliefs, and other reliefs in the Acts are achieving the intended redistributive objectives. Progressive compliance thresholds should be introduced to ensure that SMEs and startups are not overburdened, while larger corporations face stricter compliance obligations. Financial literacy and tax education campaigns should also be expanded, particularly for women entrepreneurs and the unbanked population who remain marginalized in fiscal systems.

Fourth, enforcement and dispute resolution need to be strengthened through the institutionalization of specialized tax courts or tribunals staffed with trained financial judges. At the same time, penalties for deliberate tax evasion must be increased, while structured settlement schemes should be introduced to encourage voluntary disclosure and negotiated compliance.

Fifth, fiscal federalism should be deepened to enhance subnational tax autonomy. States should be granted greater legal authority over consumption taxes and digital levies, within a transparent revenue-sharing framework that ensures national equity. This reform would reduce over-reliance on oil rents while encouraging states to expand their internally generated revenue (IGR). Transparent horizontal allocation formulas must be institutionalized to support equity among states with varying revenue capacities.

Sixth, public trust in the tax system must be strengthened through enhanced transparency and accountability mechanisms. The government should generate annual reports which clearly links the post tax reforms revenues collected with expenditures on infrastructure, health, and education. An open data portal should also be created to allow taxpayers to track how revenues are utilized, thereby reinforcing voluntary compliance. In addition, both the NRS and JRB should be subjected to independent performance audits, with findings made publicly available to enhance credibility.

Finally, continuous monitoring, evaluation, and research are critical for sustaining the reforms. The government should partner with universities, think tanks, and civil society to conduct independent research on the socio-economic impacts of the tax reforms. A real-time monitoring dashboard should be developed to track compliance rates, enforcement outcomes, and revenue trends. In addition, periodic legislative reviews should be institutionalized every three to five years to align the tax system with changing economic realities and evolving global best practices.

CONCLUSION

The passage of the 2025 Tax Reform Acts represents a landmark moment in Nigeria's fiscal history. The four laws, namely the NTA, NTAA, NRSEA, and JRBEA, collectively seek to modernize, harmonize, and digitalize tax legislation, administration, and intergovernmental coordination in a bid to increase efficiency, equity, and transparency within the Nigerian tax system.

This paper has examined each of these Acts in detail, identifying their policy innovations and institutional significance while also highlighting the challenges that may affect their effective implementation. Among the notable reforms are the consolidation of tax statutes, progressive income tax bands, VAT zero-rating for essential goods, the replacement of FIRS with a more autonomous NRS, and the establishment of a central Joint Revenue Board to foster collaboration among all tiers of government.

However, the potential success of these reforms depends not only on legal enactment but also on the availability of infrastructure, institutional capacity, intergovernmental cooperation, and political will. As Nigeria transitions into this new fiscal regime, it must address issues of digital exclusion, taxpayer education, fiscal federalism tensions, and data governance to fully realize the benefits of these reforms.

In conclusion, while the 2025 tax reforms are not a panacea for all of Nigeria's fiscal challenges, they offer a transformative foundation upon which a more inclusive, transparent, and sustainable tax system can be built. If effectively implemented and monitored, these reforms have the potential to improve revenue generation, reduce poverty through equitable taxation, and stimulate economic growth in line with national development priorities.

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