

**FROM REFORM TO REALITY: BRIDGING THE GAP  
BETWEEN NIGERIA'S 2025 TAX LAWS AND  
PRACTICAL COMPLIANCE**

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**BY**

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# ABSTRACT

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The enactment of the Nigeria 2025 Tax Reform Acts represents a watershed in the evolution of the Nigerian fiscal framework, introducing a unified, modernised, and enforcement-driven tax regime. While the legislative architecture is robust, the effectiveness of the reforms ultimately depends on the ability of tax authorities to translate statutory provisions into practical compliance outcomes. This paper examines the compliance and enforcement framework under the reforms, identifies structural and operational challenges, and proposes administrative strategies to bridge the gap between legal provisions and real life implementation. It argues that sustainable revenue mobilisation lies not merely in legislative reform, but in data-driven administration, institutional capacity, stakeholder's involvement and balanced enforcement.

# INTRODUCTION

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- Nigeria's tax system has historically been characterised by fragmentation, multiplicity of taxes, and weak enforcement mechanisms.
- The introduction of the Nigeria Tax Act 2025 (NTA), Nigeria Tax Administration Act 2025 (NTAA), Nigeria Revenue Service (Establishment) Act 2025 (NRSA), and Joint Revenue Board (Establishment) Act 2025 (JRBA) marks a deliberate effort to address these deficiencies.

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## The reforms seek to:

- Provide uniform procedures for a consistent and efficient administration of tax laws in order to (a) facilitate tax compliance by taxpayers and (b) optimise tax revenue.(Sec 1 NTAA 2025).
- provide a unified fiscal legislation governing taxation in Nigeria (Sec 1 NTA 2025)
- Consolidate disparate tax laws into a coherent framework
- Enhance compliance through self-assessment and digital reporting
- Strengthen enforcement powers of tax authorities
- Align Nigeria's tax system with global best practices

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- However, the transition from legislative reform to effective compliance remains fraught with practical challenges, particularly within the context of Nigeria's large informal economy, Poor orientation and evolving digital landscape.

# LEGAL FRAMEWORK FOR COMPLIANCE UNDER THE 2025 TAX REFORMS

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- **Taxpayer Registration and Identification**

Under Section 4, 7 and 100(1) of the NTAA 2025, every taxable person is mandated to register with the relevant tax authority and obtain a Tax Identification Number (TIN).

Failure to comply constitutes an offence and attracts prescribed penalties. (sec 100 NTAA 2025)

- **Implication for Tax Administration:** This provision imposes a foundational obligation on tax authorities to maintain an accurate, comprehensive, and integrated taxpayer database, necessitating collaboration with institutions such as the Corporate Affairs Commission (CAC) and financial institutions.

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- **Self-Assessment and Filing Obligations**

The NTAA entrenches a self-assessment regime under Sections 11, 13, 14 and 34, requiring taxpayers to:

- File returns without prior notice or demand
  - Compute and declare their tax liabilities in accordance with the law.
  - VAT returns must be filed by the 21st day of the succeeding month (NTAA, s.22).
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- **Administrative Significance:** The shift to self-assessment repositions the tax authority from a primary assessor to a compliance monitor and enforcement body.

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- **Payment of Tax and Enforcement of Assessment**

Pursuant to Section 49(1) of the NTAA, assessed tax liabilities become due and payable within thirty (30) days. Non-payment triggers enforcement mechanisms including:

- Debt recovery proceedings
- Administrative penalties
- Accrued interest on outstanding liabilities

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- **Offences and Penalties**

The NTAA provides a structured penalty regime, including:

- ☐ Section 100: failure to register
- Section 101: Penalty for failure to file returns;
- Section 130: General offences and sanctions.
- ☐ Section 137: Obstruction of an authorised officer and refusal to grant immediate entry

Penalties are designed to deter non-compliance and may include significant monetary fines and, in certain cases, criminal liability. (sec 100-137 NTAA 2025)

# **ENFORCEMENT POWERS OF TAX AUTHORITIES- SEC 57-69 NTAA 2025**

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SECTION 57. Call for returns, books, documents and information

SECTION 58. Power to access lands, buildings, books and documents

SECTION 59 Power to remove books and documents

SECTION 60. Power of substitution

SECTION 61. Power to distrain

SECTION 62. Enforcement of powers

SECTION 63. Revocation of petroleum or mining license or lease

## **ENFORCEMENT POWERS OF TAX AUTHORITIES- SEC 57-69 NTAA 2025 CONTINUE.....**

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SECTION 64. Tax investigation

SECTION 65. Penalty and interest for non-payment of tax

SECTION 66. Remission of penalty

SECTION 67. Recovery of tax

SECTION 68. Assignment of tax debts

SECTION 69. Power to pay reward

### **Tax Authorities also Have.....**

SECTION 138. Power to compound offences

SECTION 139. Power to prosecute

# STRUCTURAL INNOVATIONS IN THE 2025 TAX FRAMEWORK

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- **Consolidation of Tax Laws**

The NTA replaces several legacy tax statutes, simplifying the legal framework and reducing interpretational ambiguities.

- **Minimum Effective Tax Regime**

Under Section 57 of the NTA, a minimum effective tax rate of 15% is introduced, targeting base erosion and profit shifting by multinational enterprises.

- **Taxation of the Digital Economy**

The reforms expand the tax net to include digital transactions and virtual assets, reflecting global trends in tax policy.

# STRUCTURAL INNOVATIONS IN THE 2025 TAX FRAMEWORK CONTINUE.....

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- **Tax incentives**

The tax reform gave a well-structured incentive to assist SMEs and specialize and priority industries to grow.

Part I – Income Tax Exemptions (section 163-165 NTA 2025)

Part II – Economic Development Tax Incentives (Section 166-184 NTA 2025)

Part III – Exemption From Stamp Duties (Section 185-189 NTA 2025)

- **Streamlined Levies**

The introduction of unified levies (e.g., development levy) aims to reduce multiplicity of taxes and enhance administrative efficiency- (Section 59 NTA 2025)

# PRACTICAL CHALLENGES IN ACHIEVING COMPLIANCE

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Notwithstanding the robustness of the legal framework, several challenges persist;

- **Informal Sector Dominance**

A significant proportion of economic activity remains outside the formal tax net.

- **Data Limitations**

Fragmented and unreliable data systems hinder effective taxpayer tracking and risk assessment.

- **Capacity Constraints**

Tax authorities face shortages in specialised skills, particularly in digital taxation and forensic auditing.

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- **Technological Gaps**

Inconsistent deployment of e-tax systems limits the effectiveness of real-time compliance monitoring.

- **Increased Litigation Risks**

Expanded enforcement powers may lead to disputes where due process is perceived to be compromised.

- **Poor sensitization and campaign awareness on taxation:**

Many citizens are still misinformed on the new tax law and the sensitization to tax education is very low.

# BRIDGING THE GAP: ADMINISTRATIVE STRATEGIES

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To translate reform into reality, tax authorities must adopt a proactive and strategic approach

- **Data Integration and Intelligence**

Leverage third-party data (banks, CAC, customs, NIMC etc), Deploy analytics for risk profiling and audit selection.

- **Risk-Based Compliance Management**

A well structured enforcement efforts on high-risk taxpayers and sectors to optimise resource utilisation.

- **Digital Transformation**

Implement End-to-end e-filing systems, Real-time VAT monitoring, Automated compliance tracking tools.

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- **Taxpayer Engagement**

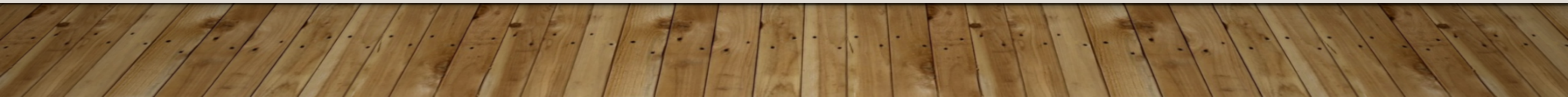
Promote voluntary compliance through Education and awareness campaigns, Transparent processes, Responsive dispute resolution mechanisms.

- **Institutional Collaboration**

Strengthen coordination between federal and sub-national tax authorities through the Joint Revenue Board framework.

- **Capacity Building**

Invest in continuous professional development for tax officials, particularly in Digital taxation, Legal enforcement, Data analytics.



# BALANCING ENFORCEMENT WITH TAXPAYER RIGHTS

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While robust enforcement is essential **bridging the gap between nigeria's 2025 tax laws and practical compliance**, it must be exercised within the bounds of:

- Due process
- Fair hearing
- Administrative fairness

Excessive or arbitrary enforcement may undermine taxpayer confidence, increase, civil disobedience and reduce voluntary compliance.

# CONCLUSION

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The Nigeria 2025 Tax Reform Acts provide a comprehensive legal foundation for an efficient and modern tax system. However, legislation alone cannot guarantee compliance. The effectiveness of the reforms will depend on Administrative efficiency, Institutional capacity and the ability to foster trust between taxpayers and the tax authority.

# FINAL SUBMISSION STATEMENT

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The success of Nigeria's tax reforms lies not in the elegance of statutory provisions, but in the discipline of implementation. For tax authorities, the imperative is clear: to transform legal mandates into measurable compliance outcomes through data-driven, transparent, and balanced administration.

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**THANK YOU  
FOR  
LISTENING**