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## TEMPLARS Transcripts: Tax Digest

### Policy and Tax Administration

#### FIRS Discontinues Issuance of Tax Exemption Certificates, and Signals Transition to New Incentive Regime

The Federal Inland Revenue Service (FIRS) has, via a Public Notice dated 29 July 2025 (the “Public Notice”), announced the discontinuation of issuance of Tax Exemption Certificates (TECs) to companies, non-governmental organisations (NGOs), and entities in free trade zones.

The FIRS confirmed via the Public Notice that the recent announcement does not revoke any existing tax holidays or exemptions granted under applicable laws. Accordingly, entities with valid and subsisting exemptions under the *Industrial Development (Income Tax Relief) Act*, the *Companies Income Tax Act*, or relevant free zone laws will continue to enjoy their incentives for the approved period, provided they remain compliant with all statutory conditions imposed under the extant laws.

The discontinuation of TECs is part of broader reforms introduced under the new Tax Reform Acts, including the introduction of the Economic Development Incentive under the Nigeria Tax Act, 2025, which will replace the Pioneer Status Incentive with effect from 1 January 2026. The FIRS also noted that, going forward, all claims for tax benefits or exemptions must strictly comply with applicable laws.

#### FIRS Extends Deadline for E-Invoicing Compliance by Large Taxpayers

By its Public Notice issued on 11 August 2025, the FIRS announced a three-month extension for the onboarding and transmission of electronic invoices under the National E-Invoicing and Electronic Fiscal System (EFS) Regime for Large Taxpayers (businesses with annual turnover of ₦5,000,000,000 (Five Billion Naira) and above).

The e-invoicing platform, operating through the Merchant-Buyer Solution, officially went live on 1 August 2025. However, in recognition of operational challenges faced by some taxpayers during the initial onboarding process, the FIRS has extended the deadline for compliance to **1 November 2025**.

All eligible large taxpayers are now required to complete onboarding and commence the real-time transmission of electronic invoices to FIRS via the Merchant-Buyer Solution platform on or before the new deadline. The FIRS stated that the extension is aimed at encouraging voluntary compliance with tax laws and ensuring a smooth transition to the e-invoicing regime.

### **Nigeria Customs Service Set to Enforce Statutory 4% Free-on-Board Charge on Imports**

The Nigeria Customs Service (NCS) has confirmed plans to implement a 4% Free-On-Board (FOB) charge on imports, in line with Section 18(1)(a) of the *Nigeria Customs Service Act, 2023*. The levy, calculated on the value of imported goods up to the port of loading, will replace the existing 1% Comprehensive Import Supervision Scheme (CISS) fee and the 7% Customs collection allocation from the Federation Account. Accordingly, the implementation of the 4% FOB charge, and the termination of the CISS fee and Customs collection fee, will lead to reduced import charges on goods imported into Nigeria.

According to the Comptroller-General of Customs, Alhaji Bashir Adewale Adeniyi, the charge is important to funding the NCS' ongoing modernisation drive, particularly the rollout of the indigenously developed Unified Customs Management System (UCMS) which platform aims to enhance efficiency, streamline clearance procedures, and improve trade facilitation through automation and real-time data access.

The reintroduction of the levy follows its earlier suspension in February 2025. The Comptroller-General emphasised that importers and clearing agents will not face any additional charges beyond the 4% FOB, and that the law earmarks this revenue solely for administration and modernisation of the NCS. He noted that the funding mechanisms are standard practice internationally and essential for Nigeria to maintain competitiveness in global trade. The proposed implementation has also received the support of the National Assembly, with the Chairman of the Nigerian Senate Committee on Customs and Tariffs, Senator Isah Jibrin, urging the immediate enforcement of the statutory levy.

### **Judicial Decision**

#### **Federal High Court Validates FIRS Powers to Appoint Non-Resident Suppliers as Value Added Tax Collection Agents: *Bolt Operations OU v FIRS* (Appeal No: FHC/L/7A/2023)**

Bolt Operations OU ("Bolt"), a non-resident company providing ride-hailing services in Nigeria through a digital platform, challenged the decision of the Tax Appeal Tribunal (the "**Tribunal**") upholding the FIRS' appointment of Bolt as a Value Added Tax ("**VAT**") collection agent. The dispute arose from the FIRS's reliance on the *Guidelines on Simplified Compliance Regime for Value Added Tax for Non-Resident Suppliers* (the "**Guidelines**") issued on 11 October 2021. The FIRS, through the Guidelines,

appointed non-resident suppliers, including ride-hailing platforms, as VAT collection agents and provided that where a supply is made or facilitated through an intermediary, such intermediary is deemed to be the supplier and is responsible for remitting VAT on the transaction.

Bolt proceeded to file an appeal before the Tribunal challenging its appointment by the FIRS. The Tribunal ruled against Bolt and dismissed the appeal. Dissatisfied with the decision of the Tribunal, Bolt appealed to the Federal High Court (the "**Court**").

Bolt contended that the appointment was unlawful and beyond the powers of the FIRS. It contended that the Guidelines could not confer tax collection obligations without express statutory backing under the VAT Act. Bolt maintained that as an intermediary, it merely facilitated transactions between drivers and riders and was neither the supplier of the services nor in receipt of the consideration for such supplies. Bolt also contended that the FIRS could not, by an administrative guideline, deem it to be the supplier or compel it to act as a tax collector in respect of supplies made by independent suppliers on its digital application.

In response, the FIRS argued that the VAT Act and the FIRS Establishment Act vested it with broad powers to appoint any person, including non-resident entities, as tax collection agents. It submitted that the Guidelines merely operationalised these statutory provisions to address the complexities of taxing the digital economy. The FIRS stressed that under the Guidelines, where a supply is made through an intermediary, that intermediary is deemed to be the supplier and assumes full tax obligations, including VAT remittance. In the case of Bolt, the platform was the contractual point of interaction with consumers, processed payments, and exercised significant control over transactions, thus satisfying the criteria for intermediary liability under the Guidelines.

In dismissing Bolt's appeal, the Court affirmed the Tribunal's decision and validated the FIRS' powers to appoint non-resident digital platforms as VAT collection agents. The Court held that the Guidelines were consistent with the VAT Act and did not create new tax obligations but clarified the manner of compliance for non-resident suppliers and intermediaries. It concluded that Bolt's role as the primary interface between riders and drivers placed it squarely within the definition of "supplier" for VAT purposes under the Guidelines, thereby making its appointment as a collection agent lawful.

***If you require any further clarification, do not hesitate to contact us.***