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TEMPLARS Transcripts: Tax Digest

Policy and Tax Administration

- **Bill to Include Value Added Tax in the Exclusive Legislative List Passes Second Reading in the House of Representatives**

A bill seeking, among other objectives, to amend the Constitution of the Federal Republic of Nigeria, 1999, to include Value Added Tax (VAT) in the Exclusive Legislative List has passed second reading in the House of Representatives.

The bill, titled, “A Bill for an Act to Alter the Constitution of the Federal Republic of Nigeria, 1999 (as amended), to Clarify the Taxation Powers of the Federal, State, and Local Governments; Define the Scope of Taxes and Levies Collectible by Each Tier of Government; Prevent Multiple Taxation and Unlawful Outsourcing of Revenue Collection; and for Related Matters,” is sponsored by the Deputy Speaker of the House of Representatives. The bill seeks to clarify the constitutional authority for VAT collection and establish a uniform, transparent, and efficient tax administration framework across the various levels of government in Nigeria.

The House of Representatives remarked that Nigeria's fiscal framework has become increasingly fragmented, characterised by overlapping mandates, multiple taxation, and inconsistent enforcement practices across the federal, state, and local levels of government. It is hoped that the proposed constitutional amendment will resolve the recurring jurisdictional conflicts between the federal and state governments regarding the collection of VAT.

- **Nigerian Midstream and Downstream Petroleum Regulatory Authority Halts Implementation of Proposed 15% Import Duty on Petrol and Diesel, Advises Against Panic Buying of Any Petroleum Product.**

About a month ago, the Federal Government reportedly approved the introduction of a market-responsive import tariff framework imposing a 15% ad-valorem import duty on Premium Motor Spirit (PMS) and Automotive Gas Oil (diesel). The tariff was proposed to the President of the Federal

Republic of Nigeria via a letter dated 10 October 2025 and subsequently reportedly approved by the President via a letter dated 21 October 2025. The measure was said to be aimed at reinforcing national energy security, safeguarding local refining capacity, and stabilising the downstream petroleum market

However, the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) has issued a press statement dated 13 November 2025, confirming that the implementation of the previously reported 15% ad-valorem import duty on imported PMS and diesel **"is no longer in view"**, and as such, advised consumers against panic buying of petroleum products. The NMDPRA further assured the public that the supply of petroleum products remains adequate nationwide, supported by production from local refineries and supplementary importation to maintain sufficient stock levels at depots and retail stations during the peak-demand period. The NMDPRA cautioned against hoarding, panic purchasing, or any non-market-reflective price increases, noting that such conduct could unnecessarily distort market stability.

The NMDPRA added that it would continue monitoring supply conditions and apply appropriate regulatory measures to prevent disruptions in distribution. It also reaffirmed its commitment to ensuring smooth operations across the midstream and downstream value chain and safeguarding national energy security.

- **Federal Government Appoints Dr. John Nwabueze as Tax Ombudsman**

The Federal Government has appointed Dr. John Nwabueze as the Tax Ombudsman, pursuant to the provisions of the *Joint Revenue Board of Nigeria (Establishment) Act, 2025*. The appointment aligns with the Federal Government's commitment to strengthening transparency, fairness, and accountability within Nigeria's tax and revenue administration framework.

The Office of the Tax Ombudsman is mandated to function as an independent and impartial body for reviewing and resolving complaints relating to taxes, levies, customs duties, and excise matters; investigating taxpayer complaints against tax authorities; mediating or conciliating disputes; and making recommendations to revenue authorities. It is also empowered to issue directives or orders for implementing its findings, review systemic issues affecting fiscal policy, and serve as a watchdog against arbitrary fiscal measures.

The establishment of the Office of the Tax Ombudsman forms part of the Federal Government's broader fiscal reform agenda aimed at enhancing taxpayer confidence, ensuring administrative fairness, and safeguarding the rights of taxpayers against arbitrary or abusive practices by revenue authorities.

JUDICIAL DECISION

- **Tax Appeal Tribunal Rules that Disclosure of Legal Practitioner's Bank Statements to the FIRS does not breach Attorney-Client Privilege: *Chief Adewale Olabode v Federal Inland Revenue Service (TAT/LZ/VAT/2025)***

Chief Adewale Olabode (Trading under the name and style of Adewale Olabode and Co.) (the **"Appellant"**) filed an appeal before the Tax Appeal Tribunal (the **"Tribunal"**) challenging the decision of the Federal Inland Revenue Service (the **"Respondent"** or **"FIRS"**) to demand access to his bank statements for the purpose of verifying tax compliance. One of the key issues for

determination was whether the disclosure of a legal practitioner's bank records to the FIRS constitutes a breach of attorney-client privilege under Nigerian law.

The Appellant argued that his bank account was used primarily for professional purposes and that granting the FIRS access to the bank records would amount to a violation of the confidentiality inherent in the attorney-client relationship. He contended that such disclosure would expose sensitive client-related information, contrary to the Rules of Professional Conduct for Legal Practitioners, 2023 and the Legal Practitioners Act, 1975, which protect confidential communications made in the course of professional engagement.

In response, the FIRS argued that the bank statements sought did not constitute privileged information, as they were financial records and not communications between lawyer and client. The FIRS maintained that the Federal Inland Revenue Service (Establishment) Act, 2007 empowers it to obtain information necessary for assessing tax liability, including financial records of taxpayers, irrespective of profession.

In its ruling, the Tribunal dismissed the Appellant's claim of legal professional privilege and upheld the FIRS's power to request disclosure of the Appellant's bank statements. It held that bank statements are not confidential client communications but financial records subject to regulatory oversight. The Tribunal noted that privilege protects communications made for legal advice, not a lawyer's financial dealings. Accordingly, the disclosure of a legal practitioner's bank statements to the FIRS does not breach attorney-client privilege.

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