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TEMPLARS Transcripts: Tax Digest

Policy & Administration

Nigeria Revenue Service announces Weekend Operations to Aid Tax Filing Compliance

The Nigeria Revenue Service (the “NRS”) has announced that its offices nationwide will operate on **Saturdays** from **8 May to 27 June 2026**, between **10:00 a.m.** and **3:00 p.m.** The initiative is designed to provide additional taxpayer support as the rollout of the *Rev360 Phase I Tax Administration System* commences for medium and emerging taxpayer segments,¹ and to facilitate seamless compliance during the June peak Companies Income Tax filing period.

The Rev360 platform, launched on 30 April 2026 as the NRS's next-generation tax administration system, is aimed at supporting a more integrated digital tax administration framework, including electronic tax registration, filing, payment processing, refund administration, and issuance of Tax Clearance Certificates. The NRS's extended operations aim to assist taxpayers requiring guidance with the new system and improve access to tax services outside regular weekday hours.

[Please click here to read TEMPLARS' Client Alert on NRS's Transition from TaxPro Max to Rev360.](#)

Lagos State House of Assembly Moves to Harmonise Taxes and End Illegal Tax Collection

The Lagos State House of Assembly is considering the Lagos State Harmonised Taxes and Levies (Approved List for Collection) Bill (the “**Bill**”), which seeks to consolidate over 60 levies into nine primary tax categories, eliminate multiple taxation, prohibit cash-based revenue collection, and criminalise the mounting of roadblocks for the purpose of collecting taxes or membership dues.

At a public hearing before the Lagos State House of Assembly Committee on Finance (the “**House Committee**”), the Deputy Speaker of Lagos State emphasised that the Bill mandates a fully electronic payment structure to reinforce transparency and protect businesses from exploitation. Specifically, the payments of taxes and levies shall be

¹ Taxpayers with annual turnover of NGN5 billion and below.

made electronically through approved platforms. Under the Bill, the Lagos State Internal Revenue Service would serve as the collecting authority. Unauthorised persons who collect or impose tax face fines of up to NGN2 million and three years' imprisonment, while any individual or group that mounts a roadblock for the purpose of collecting taxes face fines of up to NGN5 million and three years' imprisonment.

The Chairman of the House Committee described the Bill as aligned with the Federal Government's recently passed tax reform legislation and aimed at dismantling the long-standing hurdles of multiple taxation, illegal collections, and arbitrary ticketing that have plagued businesses and residents across the state. The House Committee is expected to incorporate submissions received at the public hearing into the final legislation.

Office of the Tax Ombud Announces 30-Day Timeline for Resolution of Tax Complaints

The Chief Executive Officer of the Office of the Tax Ombud (the "**Tax Ombud**") has stated that complaints relating to taxes, levies, and regulatory charges will be resolved within 14 to 30 days, in line with the provisions of the *Joint Revenue Board of Nigeria (Establishment) Act, 2025*. According to the Tax Ombud, the Office of the Tax Ombud was established as an independent and impartial body to resolve disputes between taxpayers and tax authorities, while promoting fairness, transparency, and accountability in tax administration.

The Tax Ombud further clarified that the Office of the Tax Ombud does not determine tax liabilities and has not replaced the courts or the Tax Appeal Tribunal. Rather, it serves as an alternative dispute resolution mechanism through which taxpayers may seek redress in relation to tax administration issues at no cost. The Tax Ombud also indicated that the Office of the Tax Ombud will work with relevant authorities to ensure timely resolution of complaints within the statutory timelines.

In addition, the Tax Ombud disclosed plans to establish a dedicated website and toll-free call centre to improve accessibility for taxpayers. He also noted that beyond dispute resolution, the Office of the Tax Ombud will identify recurring issues in tax administration and recommend reforms aimed at improving efficiency, fairness, and transparency within the tax system.

Judicial Decision

Federal High Court rules that Tertiary Education Tax is chargeable on the basis of a full accounting period and is not open to proration within the same accounting year: *Shell Nigeria Business Operations Limited v. Federal Inland Revenue Service (2026) 97 TLRN 74*

Prior to the Finance Act 2023 (the "**FA 2023**"), Tertiary Education Tax ("**TET**") was assessed at 2.5% of assessable profits under Section 1(2) of the Tertiary Education Trust Fund (Establishment, Etc.) Act (the "**TET Act**"). The FA 2023 increased the rate to 3%, and the Finance Act (Effective Date Variation) Order, 2023 deferred its commencement to 1 September 2023.

Shell Nigeria Business Operations Limited (the "**Plaintiff**") self-assessed its TET liability by applying 2.5% to income earned between 1 January and 31 August 2023, and 3% to income earned from 1 September to 31 December 2023. The **NRS** (formerly the Federal Inland Revenue Service), through its TaxPro Max platform, assessed TET at 3% for the entire 2023 accounting year. The Plaintiff commenced proceedings at the Federal High Court seeking a declaration that it was entitled to prorate TET and a refund of the alleged excess TET paid. The Plaintiff contended that by virtue of the Finance Act (Effective Date Variation) Order, the 3% rate applied only to income earned on or after 1 September

2023, and that applying the higher rate to income earned before that date constituted retroactive application of Finance Act 2023, thereby violating its vested rights which had crystallised under the extant provisions of section 1(2) of the TET Act before its amendment. The Plaintiff relied on Sections 4 and 6 of the Interpretation Act, arguing that these statutory provisions preserve accrued rights and liabilities under repealed or amended enactments and prohibit the retrospective application of substituted legislation.

On its part, the NRS argued that TET is an annual tax computed strictly on the basis of a company's accounting period, which is statutorily defined as a period of twelve months ordinarily running from 1 January to 31 December. The NRS contended that there is no legal basis for prorating TET liability within an accounting year or applying different tax rates to separate segments of the same accounting period. The NRS further argued that the applicable TET rate was the rate in force at the end of the accounting period, being 3%, and that no vested right had crystallised in favour of the Plaintiff prior to the close of the 2023 accounting year.

In upholding the NRS's position, the Federal High Court held that TET is an annual tax, computed on annual assessable profits, and determined strictly by reference to a company's entire accounting period. The court held that assessable profit must be computed for the entire accounting period as a single unit and that no statutory or judicial basis exists for dividing an accounting year into artificial segments. The court further held that the Plaintiff had no vested or accrued right capable of protection as at 1 September 2023, since TET liability crystallised only at the end of the accounting period, and the applicable rate was 3% as at 31 December 2023.

Court of Appeal rules that a Company Limited by Shares set up for profits cannot be considered as providing “educational activities of a public character” within the context of Section 23 (1) (c) of the Companies Income Tax Act – *Federal Inland Revenue Service v International Community School Limited (2026) 97 TLRN 1*

International Community School Limited (the "**Respondent**") is a private company limited by shares operating a school in Abuja. In January 2015, the NRS demanded the Respondent's tax returns; in response, the Respondent informed the NRS that as an educational institution, it was exempt from Companies Income Tax (CIT) under section 23(1)(c) of the Companies Income Tax Act (the "**CITA**"). The Respondent (as Plaintiff) instituted an action against the NRS at the Federal High Court and the Federal High Court ruled in favour of the Respondent, prompting the NRS to appeal to the Court of Appeal.

At the Court of Appeal, the NRS submitted that section 23(1)(c) of the CITA grants a limited exemption to profits of companies engaged in ecclesiastical, charitable or educational activities of a public character, provided such profits are not derived from a trade or business. The NRS argued that the Respondent, being registered as a company limited by shares under section 22 of the Companies and Allied Matters Act, 2020 (the "**CAMA**"), is a profit-making entity outside the contemplation of section 23(1)(c) of the CITA and should have been registered under section 26 of the CAMA as a company limited by guarantee to be eligible for the exemption in question. The NRS further contended that mere openness of educational services to the public does not confer public character.

The Respondent contended that section 23(1)(c) of the CITA clearly exempts schools and educational institutions from taxation and refers to "any company" without limiting the exemption to companies limited by guarantee. The Respondent argued that "public character" means open and accessible to

the public, and not necessarily non-profit, and that the CITA must be strictly construed in favour of the taxpayer.

In its decision, the Court of Appeal agreed with the NRS's position. The court held that while the CITA did not define "educational activities of a public character," paragraph 20 of the Fifth Schedule to the CITA lists educational institutions having the cloak of "public character" as those owned by Government or a public authority, or by a society or association carried on otherwise than for profit or gain to individual members. The court found that what qualifies an institution as being of public character is not whether it is open to the public, but whether its profits are available for distribution to its promoters or shareholders. In its reasoning, since the Respondent was registered as a company limited by shares and not by guarantee, it was a profit-making venture which could not claim tax exemption under Section 23(1)(c) of the CITA.