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# TEMPLARS Transcripts: Tax Digest

## Policy & Administration

### Nigeria Revenue Service's Electronic Invoicing Compliance Deadline for Large Taxpayers Approaches

Effective 1 July 2026, the Nigeria Revenue Service (the “NRS”) will commence enforcement of the electronic invoicing regime for large taxpayers with annual turnover of ₦5 billion and above, the compliance window for which closed on 30 June 2026.

Notwithstanding the approaching deadline, indications are that a significant number of affected businesses remain outside the compliance framework. At a press briefing in Lagos, the NRS's e-invoicing technology partner disclosed that over 1,000 businesses had enrolled as of early 2026, based on NRS briefings shared with accredited service providers. However, a substantial proportion of entities within the affected taxpayer population had yet to commence compliance.

Overall, the legal basis for the NRS' e-invoicing mandate is grounded in section 157 of the Nigeria Tax Act, 2025 (“NTA”) and section 23 of the Nigeria Tax Administration Act, 2025 (“NTAA”), with attendant sanctions for non-compliance. In essence, businesses that fail to transmit invoices through the NRS Merchant Buyer Solution platform from 1 July 2026 risk potential sanctions.

### NRS and Joint Revenue Board Commence Implementation of New Taxpayer Identification System

On 18 May 2026, the NRS, in collaboration with the Joint Revenue Board (the “JRB”), issued a public notice, announcing the commencement of the implementation of the new Taxpayer Identification (“Tax ID”) framework pursuant to sections 6, 7, and 8 of the NTAA.

The Tax ID replaces the existing Taxpayer Identification Number (“TIN”) system and is intended to serve as a unified tax identification framework across Nigeria. Under the new regime, an individual's Tax ID will be generated from their National Identification Number (“NIN”), while a company's Tax ID will be generated from its Corporate Affairs Commission registration number (“RC Number”). According to the NRS, the new framework is designed to create a single tax identity for taxpayers, simplify tax

administration, improve regulatory transparency, enhance revenue assurance, and facilitate data harmonisation across tax authorities and government agencies.

The notice is particularly relevant to businesses and other organisations that currently utilise the TIN validation Application Programming Interface ("API") for taxpayer verification and onboarding purposes. The NRS has confirmed that the existing TIN validation API has now been replaced by the new Tax ID verification system, requiring affected organisations to review and update their integration and compliance processes accordingly.

### **IMF Recommends VAT on Petroleum Products and Excise Duties on Telecom Services to Strengthen Nigeria's Revenue Base**

The International Monetary Fund (the "IMF"), in its 2026 Article IV Consultation Report on Nigeria released on 9 June 2026, has called for further tax policy measures to shore up government revenues and sustain planned public expenditure over the medium term. The IMF noted that while recent tax reforms represent meaningful progress, they may be insufficient to support the government's capital spending ambitions without complementary revenue measures.

Among the recommendations put forward are the extension of VAT to petroleum products, an increase in the VAT rate, the introduction of excise duties on telecommunications services, and the rationalisation of tax expenditures including VAT exemptions currently applicable to extractive industries, and certain customs duties. The IMF emphasised that sustained revenue mobilisation remains critical given the limited fiscal headroom presently available to the federal government.

### **Judicial Decision**

#### **Tax Appeal Tribunal rules that a Best of Judgment Assessment must be based on available information and reasonable estimation and cannot be founded on guesswork, phantom assumptions, or arbitrary figures – *United Bank for Africa Plc . Ondo State Board of Internal Revenue Service (2026) 98 TLRN 21***

United Bank for Africa Plc ("UBA" or the "Appellant") challenged a Best of Judgment ("BOJ") assessment issued by the Ondo State Board of Internal Revenue Service (the "Respondent") in respect of alleged additional withholding tax ("WHT") liabilities arising from commissions paid to its Point-of-Sale ("POS") agents in Ondo State for the 2019 and 2020 years of assessment. Following a tax investigation, the Respondent issued a revised BOJ assessment in the sum of ₦54,862,948.54, comprising alleged WHT liabilities, penalties, and interest. UBA objected to the assessment and subsequently appealed to the Tax Appeal Tribunal (the "Tribunal") after the Respondent issued a Notice of Refusal to Amend ("NORA").

The Appellant contended that it had provided the Respondent with all documents and information requested during the tax investigation, including details of its POS agents, transaction schedules, WHT remittance schedules, commission records, and evidence of tax remittances. It argued that the BOJ assessment was excessive, arbitrary, unjustifiable, and bore no correlation to the actual records of its operations in Ondo State. The Appellant further argued that the Respondent failed to disclose the basis upon which the assessment was computed and did not identify the specific POS agents or transactions giving rise to the alleged liability. Finally, it contended that, having validly objected to the assessment and filed its appeal within the statutory timelines, no penalties or interest could accrue on the disputed assessment.

The Respondent argued that the Appellant failed to provide complete documentation necessary to determine its WHT obligations and that it was therefore entitled to issue a BOJ assessment. In particular, the Respondent maintained that commission account statements were not provided for all POS agents and that the revised assessment was based on the incomplete information supplied during the investigation. The Respondent further contended that the appeal was premature because the parties were still exchanging correspondence at the time it was filed.

The Tribunal upheld the Appellant's appeal and set aside the BOJ assessment. The Tribunal reaffirmed that while a tax authority is entitled to issue a Best of Judgment assessment where a taxpayer fails to file returns, files incorrect or misleading returns, keeps inadequate records, or refuses to cooperate with the tax authority, such assessment must nevertheless be based on available information and reasonable estimation. A BOJ assessment is not a licence for a tax authority to act on guesswork, phantom assumptions, or arbitrary figures. Rather, it must reflect an honest and reasonable estimate based on the information available to the tax authority.

Accordingly, the Tribunal found that the Appellant had provided substantial information and documentation in response to the Respondent's requests and that the Respondent failed to establish any proper basis for the additional assessment.

**Tax Appeal Tribunal rules that a Tax Authority must disclose the basis of an additional assessment and afford the taxpayer an opportunity for clarification before such assessment can be sustained – Ecobank Nigeria Limited v Akwa Ibom State Internal Revenue Service (2026) 98 TLRN 86**

Ecobank Nigeria Limited (the "**Appellant**") was issued a revised tax assessment by the Akwa Ibom State Internal Revenue Service (the "**Respondent**"), which included an additional assessment under a head of income described as "undisclosed income". During the course of the Respondent's investigation, the Appellant furnished various documents requested by the Respondent, including pay as you earn ("**PAYE**") computations, staff payslips, and deeds of assignment relating to its operational branches.

However, despite repeated requests by the Appellant, the Respondent declined to provide the particulars or computation details supporting the alleged undisclosed income, stating only that the assessment was derived from "**Intelligence Sources**". The Respondent subsequently issued a Notice of Refusal to Amend ("**NORA**") and demanded payment within seven days. Dissatisfied, the Appellant appealed to the Tax Appeal Tribunal (the "**Tribunal**"). The Appellant argued that the Respondent's refusal to disclose the basis and computation of the alleged undisclosed income violated its constitutional right to fair hearing under section 36(1) of the *Constitution of the Federal Republic of Nigeria 1999 (as amended)*. The Appellant further submitted that the PAYE assessment was founded on a vague and unexplained assessment of undisclosed income unrelated to staff emoluments and that the Respondent consistently refused to provide clarification or supporting documentation despite request to furnish the basis for the assessment.

The Respondent contended that the Appellant failed to provide sufficient documentary evidence to enable a comprehensive audit and that it was therefore entitled to invoke the Best of Judgment principle in arriving at the assessment. The Respondent further argued that the undisclosed income was derived from the Appellant's own bank statements and that the Appellant could not challenge an assessment based on documents originating from it. The Respondent also maintained that

adequate breakdowns and explanations had been provided during reconciliation meetings held between the parties.

The Tribunal upheld the Appellant's position. The Tribunal held that where a taxpayer challenges an assessment as excessive, arbitrary, or erroneous, the tax authority has an obligation to disclose the basis upon which such assessment was made and provide sufficient information to enable the taxpayer to understand and challenge the assessment. The Tribunal rejected the Respondent's reliance on "intelligence sources" as justification for withholding the basis of the assessment, holding that such a position was unsupported by law. The Tribunal further held that where a taxpayer is perceived to be uncooperative or withholding information, the appropriate remedy available to the tax authority is to seek an order compelling disclosure rather than resorting to arbitrary assessments.

Accordingly, the Tribunal set aside the PAYE and withholding tax assessments, holding that the Appellant had successfully discharged the burden of proving that the assessments were excessive, arbitrary, and unjustifiable.

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