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Nigeria

Tax Disputes

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This country-specific Q&A provides an overview of tax disputes laws and regulations applicable in Nigeria.

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Nigeria: Tax Disputes

1. Is it necessary for a taxpayer to register with the tax authority? Are separate registrations required for corporate income tax and value added tax/sales tax?

Yes. Every taxable person who derives income in Nigeria other than passive income is required to register with the relevant tax authority and obtain a Taxpayer Identification Number (Tax ID). A feature of the Nigerian tax system is the use of a single unified Tax ID for tax obligations, including companies income tax (CIT), value added tax (VAT) and withholding tax.

Accordingly, separate registrations are not required for CIT and VAT. A taxpayer's registration generates a single Tax ID, which serves as the common identification number for its applicable federal tax obligations.

Failure to register attracts an administrative penalty of 50,000 for the first month of default and 25,000 for each subsequent month in which the default continues. A statutory body or company that awards a contract to an unregistered person is also liable to a penalty of 5,000,000.

2. In general terms, when a taxpayer files a tax return, does the tax authority check it and issue a tax assessment, or is there a self-assessment system where the taxpayer's own assessment stands unless the tax authority intervenes?

The Nigerian tax system operates on a self-assessment basis.

Under the Nigeria Tax Administration Act 2025 ("NTAA"), every taxable person is required to compute its own tax liability, prepare and file a self-assessment return, and remit the tax due to the relevant tax authority. Upon filing, the taxpayer is deemed to have assessed the tax payable for the period to which the return relates.

On its part, the tax authority may accept the return as filed or issue an additional assessment where it considers that the taxpayer has understated its liability or reject the return and, to the best of its judgement, determine and make an assessment of the tax due.

Accordingly, a taxpayer's self-assessment stands unless

the tax authority makes an adjustment.

3. Can a taxpayer amend their return after it has been filed? If so, are there any time limits for doing so?

Under the NTAA, there is no provision for a taxpayer to amend a return after it has been filed. The exceptions are midstream companies engaged in liquefied natural gas and companies engaged in upstream petroleum operations which are required to file revised estimated returns to reflect any material change in their operation parameters.

Once a self-assessment return has been filed, the relevant tax authority may accept it, raise an additional assessment, or reject it and assess the tax to the best of its judgement. Where the correct tax payable is under-declared in the returns, any outstanding tax due becomes payable together with interest and penalties.

In practice, taxpayers engage with the relevant tax authority to seek correction of errors identified in filed returns. However, because there is no formal statutory amendment provision, the tax authority is not obliged to accept a revised return. Even when the tax authority accepts a voluntary correction, interest and penalties may still run from the date the original return was due unless waived based on the tax authority's discretion. The accuracy of returns at the time of filing therefore remains particularly important.

4. Please summarise the main methods by which a tax authority may challenge the amount of tax a taxpayer has paid by way of an initial assessment/self-assessment. Does the tax authority need any justification to commence such a challenge?

The tax authority has broad powers to review and challenge a taxpayer's self-assessment. It may (i) accept the return but raise an additional assessment, including where it discovers or considers that the taxpayer has been under-assessed; (ii) reject the return and assess the tax to the best of its judgement; or (iii) raise a deemed profit assessment where a business produces no assessable profit, or less than expected, or where its true

assessable profit cannot readily be ascertained.

The tax authority also has broad anti-avoidance powers. If it considers a transaction that reduces tax to be artificial or fictitious, it may disregard the transaction or make adjustments to counteract the reduction.

Transactions between connected persons are deemed artificial or fictitious where they are not made on arm's-length terms. The authority may also counteract a prohibited tax avoidance arrangement by making adjustments, disregarding the arrangement or re-characterising it. This includes an arrangement that lacks commercial substance.

In addition, the authority has wide information-gathering powers. It may require a taxpayer to file further returns, attend for examination, produce books and records, or give access to electronic data. It may verify any matter in a return by tax audit or investigation. Its authorised officers may also enter premises at all reasonable times to inspect books and documents.

In calculating the additional tax amount, the tax authority is required to consider all relevant facts, including facts not known when the earlier assessment was made.

Where it rejects a self-assessment return and assesses tax "to the best of its judgement", Nigerian courts have held that such best-of-judgement assessment must be a reasonable estimate rather than an arbitrary determination.

5. What are the time limits for a tax authority to commence a challenge to the taxpayer's assessment/self-assessment (disregarding any override of these limits to comply with obligations to provide relief from double taxation under a tax treaty)? Does a tax authority have any options to challenge a self-assessment after expiry of the relevant time limit?

The tax authority may at any time within six years raise an assessment or additional assessment where it discovers, or is of the opinion, that a taxpayer has not been assessed or has been assessed at less than the amount properly chargeable to tax.

This six-year limit does not prevent the relevant tax authority after the period has expired, from continuing a tax audit that began within the six-year period or from raising an additional assessment arising from that audit.

Where a taxpayer has made a deliberate misstatement, however, the six-year limit does not apply. The relevant

tax authority may then assess the taxpayer at any time, and as often as necessary, to recover any tax lost because of the misstatement.

6. How is tax fraud defined under the laws of your jurisdiction?

The Nigerian tax legislation does not contain a general definition of "tax fraud". Instead, it provides a range of specific offences concerning false, fraudulent or dishonest conduct in connection with tax obligations. These include false statements or declarations, producing or using false documents, falsifying tax records and making false claims for tax refunds.

Accordingly, whether particular conduct constitutes tax fraud is generally determined by reference to the specific statutory offence involved rather than a single overarching definition.

7. How is tax fraud treated? Will the tax authority conduct a criminal investigation with a view to seeking prosecution and a custodial sentence?

Tax fraud and other serious tax offences may give rise to both civil and criminal consequences under the NTAA. While some attract administrative penalties, more serious conduct, including false declarations, the use of false documents and other fraudulent acts may result in criminal prosecution.

The tax authority may investigate suspected tax offences, or cause an investigation to be conducted, and prosecute offences through its legal officers. Depending on the nature of the offence, a person convicted may be liable to a fine, imprisonment, or both.

Fraudulent conduct also has civil consequences. For instance, where a taxpayer makes a deliberate misstatement or submits an untrue document, the relevant tax authority may assess the taxpayer at any time, and as often as necessary, to recover any tax lost together with interest and penalties.

Accordingly, tax fraud may be addressed through a combination of criminal prosecution, administrative penalties and civil recovery measures.

8. Does the tax authority have to abide by any standards or a code of conduct when carrying out audits? Does the tax authority publish any details

of how it conducts audits in practice?

The NTAA has no general code of conduct but contains a number of procedural safeguards regulating the exercise of the tax authority's audit and investigative powers. The tax authority may publish administrative guidance from time to time but there is currently no comprehensive publicly available audit manual or code of conduct setting out the detailed procedures applicable to tax audits in practice.

For example, the tax authority is generally required to give at least seven days' written notice before requiring a taxpayer to produce books, records or other documents for examination. The NTAA also regulates the tax authority's powers of entry, inspection and information gathering during audits and investigations.

Additional safeguards apply in relation to private dwellings. Entry into a private dwelling for audit or investigative purposes generally requires either the consent of the occupier or a warrant issued by a judicial officer in the form prescribed by the Act. Entry must be at "all reasonable times".

9. Does the tax authority have the power to compel the production of information? Does this extend to emails? Is there a right of appeal against the use of such a power?

Yes. The tax authority has broad powers to compel the production of information relevant to the administration of the tax laws. It may require a taxpayer or any other person to produce books, records, documents and other information for examination. The tax authority also has powers to access books, records and other documents and, in appropriate circumstances, remove documents for examination. These powers form part of the tax authority's broader audit and investigative functions.

The scope of the tax authority's powers extend to electronically stored information, including data held on computers, magnetic media and cloud-computing platforms. This is broad enough to cover emails, electronic accounting records and other digital information relevant to a taxpayer's affairs.

The NTAA does not provide a specific statutory right of appeal against the issuance of an information request. A taxpayer that is unable to comply within the prescribed period may apply for an extension of time, provided the application is made before the notice expires and good cause is shown.

10. Does the tax authority have the power to compel the production of information from third parties? Is there a right of appeal against the use of such a power?

Yes. The tax authority has broad powers to obtain information from third parties.

Generally, the authority may require "any taxable person" to file returns, attend for examination, produce books and records, provide information, or give access to electronic data. The purpose is to obtain information about the tax liability "of a taxable person". This wording broadly allows a notice to one taxable person about another's affairs.

More specifically, financial institutions, including banks, insurance companies and stockbroking firms, are required to submit prescribed returns containing information relating to customer transactions above specified thresholds. The tax authority may also give notice to any person to provide information within a specified time. These reporting obligations provide the tax authority with an independent source of information for compliance and enforcement purposes.

The NTAA does not provide a right of appeal against the exercise of these information-gathering powers. However, an affected person may seek administrative redress through the Office of the Tax Ombud, which is established under the Joint Revenue Board of Nigeria (Establishment) Act 2025 ("JRBN Act"). The Tax Ombud is empowered to receive, investigate and mediate complaints concerning the conduct of tax authorities and their officials.

11. Is it possible to settle an audit by way of a binding agreement, i.e. without litigation?

Yes. The tax authority and taxable person may resolve tax matters amicably, in whole or in part, at any stage of the dispute.

The agreement must be in writing and signed by authorised officers of both parties. It must also record how each issue is settled, any undertakings, treatment in future years, withdrawal of objections or appeals and payment arrangements. The signed agreement is final and enforceable as a debt due to the relevant tax authority.

Settlement is, however, not available where the dispute involves intentional tax evasion or fraud, or where judicial clarification is in the public interest.

12. If a taxpayer is concerned about how they are being treated, or the speed at which an audit is being conducted, do they have any remedies?

Yes, a taxpayer has recourse against poor treatment and delays by tax officials during audit.

Although there is no set deadline for completing an audit within the six-year limitation period, a taxpayer may refer its complaint to the **Office of the Tax Ombud** in the event of a protracted delay. The Ombud reviews complaints against tax officials and authorities, investigates maladministration and mediates such disputes.

The Ombud may investigate, invite and examine persons with relevant information or evidence, and make recommendations to revenue authorities and other agencies. If a recommendation is not implemented and no satisfactory reasons are given, the Ombud must refer the matter to the National Assembly or the relevant State House of Assembly for the exercise of its legislative oversight functions.

13. If a taxpayer disagrees with a tax assessment, do they have a right of appeal?

Yes. A taxpayer whose objection to an assessment has been rejected, or who is otherwise unable to reach agreement with the tax authority on the correct amount of tax payable, has a right of appeal against such assessment.

Generally, a taxpayer, aggrieved with the action or decision of the tax authority, may appeal to the Tax Appeal Tribunal (the "Tribunal") within 30 days of the notification of the relevant assessment, demand notice, action or decision. The Tribunal may admit a late appeal where it is satisfied that there is sufficient cause for the delay.

Appeals against the decisions of the Tribunal lie to the Federal High Court on point of law only. Further appeals lie to the Court of Appeal and, ultimately, to the Supreme Court of Nigeria.

14. Is the right of appeal to an administrative body (independent or otherwise) or to a judicial body (i.e. a tribunal or court)?

Appeals are heard by the Tribunal, which is a specialised quasi-judicial body established under the JRBN Act. The Tribunal has jurisdiction to determine tax disputes and controversies arising under the Nigeria Tax Act ("NTA"),

NTAA and other tax laws made by the National Assembly or a State House of Assembly.

The Tribunal is comprised of members with expertise in law, accounting, business administration, finance, economics or taxation. In hearing an appeal, it may take evidence, order the discovery and production of documents, receive affidavit evidence and call for the examination of witnesses.

15. Is the hearing in public? Is the decision published? What other information about the appeal can be accessed by a third party/the public?

Appeals before the Tribunal are conducted in public. The Tribunal's decisions are recorded in writing and a certified copy may be given to the parties on request.

Decisions of the Tribunal are also publicly available. Summaries of the Tribunal's decisions, setting out the relevant facts, parties' arguments, issues for determination and the Tribunal's ruling, are published on the Tribunal's website and in law reports.

16. Is the procedure mainly written or a combination of written and oral?

Proceedings before the Tribunal may be both written and oral. The parties file their respective written processes and at the hearing, may give oral evidence and present oral arguments. The Tribunal's Rules also allow oral applications by the parties.

The parties may also use the Tribunal's "Documents Only Procedure", as provided by the Tax Appeal Tribunal (Procedure) Rules 2021 ("TAT Rules"). Under this procedure, the appeal is determined on the basis of the documents and written submissions filed by the parties.

17. Is there a document discovery process?

Yes. The Tribunal has statutory power to order the discovery and production of documents relevant to the proceedings.

18. Are witnesses called to give evidence?

Yes. Where an appeal proceeds by way of an oral hearing, the parties may call witnesses, who may be examined and cross-examined before the Tribunal. The appellant must file, with its notice of appeal, a list of the witnesses

it intends to call, their written statements on oath, and copies of the documents it intends to rely on. The respondent must file the same materials with its reply.

At the hearing, evidence-in-chief is usually limited to the witness adopting their written statement on oath and tendering the documents or exhibits referred to in it. The opposing party then cross-examines the witness, and the party who called the witness may re-examine.

19. Does the burden of proof rest with the taxpayer on an appeal against an assessment?

As a general rule, the burden of proof lies on the party who would fail if no evidence were given by either side. On an appeal against an assessment, that burden ordinarily rests on the taxpayer. The taxpayer must demonstrate, on the balance of probabilities, that the assessment is excessive or otherwise wrong. Simply disagreeing with an assessment, without supporting evidence, will not discharge that burden.

20. How long does an appeal usually take to conclude?

Once an appeal is filed at the Tribunal, it takes approximately two to three months for parties to exchange pleadings before the commencement of trial. Once trial begins, the TAT Rules require the appeal to be concluded within six months.

An appeal at the Tribunal may therefore be concluded within eight to nine months of filing, depending on the complexity of the matter and any procedural delays.

Further appeals to the courts (i.e. Federal High Court, the Court of Appeal and the Supreme Court) can take considerably longer to conclude.

21. Does the taxpayer have to pay the assessment pending the outcome of the appeal?

No deposit is payable automatically when an appeal is filed with the Tribunal.

However, the Tribunal may order the taxpayer to make a deposit if the tax authority proves that the taxpayer failed to file required returns, that the appeal is frivolous, vexatious, or an abuse of court process, or that it is expedient to require security for prosecuting the appeal. Failure to comply with a payment order may result in confirmation of the assessment and the taxpayer's loss of any further right of appeal before the Tribunal.

Under the previous tax regime, the requirement to deposit 50% of the disputed tax before a Tribunal as a condition for pursuing an appeal was struck down by the court. The JRBN Act replaced that requirement with a deposit that is discretionary and conditional on specific grounds and capped.

22. Are there any restrictions on who may conduct or appear in the appeal on behalf of the taxpayer?

Before the Tribunal, a taxpayer may appear in person or may be represented by one or more legal practitioners, chartered accountants or professionals with knowledge and experience in tax matters.

Before the courts, rights of audience are limited to legal practitioners admitted to practise in Nigeria and to individuals appearing in person.

23. Is there a cost-shifting system whereby the losing party pays the winning party's legal and professional costs of an appeal?

There is no "loser pays" rule before the Tribunal. The JRBN Act provides that each party to an appeal shall bear its own costs.

Notably, the TAT Rules give the Tribunal a discretion to award costs where costs have been incurred improperly or without reasonable cause, or have been wasted through undue delay, misconduct or default.

To the extent that the TAT Rules are inconsistent with the JRBN Act's provision, it is likely to give way to the JRBN Act.

24. Is it possible to use alternative forms of dispute resolution, such as voluntary mediation or binding arbitration? Are there any restrictions on when such alternative forms of dispute resolution may be pursued?

Tax disputes may be resolved through negotiated settlement, mediation and other consensual dispute-resolution mechanisms. The relevant tax authority and taxable person may pursue settlement at any stage of the dispute, including after an appeal has commenced before the Tribunal.

The Tax Ombud may also facilitate mediation, conciliation and other informal dispute-resolution

processes. However, it cannot determine a tax liability or issue an assessment. It cannot also review a matter that is already before a court or the Tribunal when the complaint is received. A complaint may be lodged only if the issue has not been resolved by the relevant agencies.

Tax disputes are, however, not arbitrable. Disputes over company taxation fall within the exclusive jurisdiction of the courts and cannot be arbitrated, because they concern revenue accruing to the sovereign. Any dispute that is not settled must therefore be resolved through the objection and appeal procedures in the relevant tax laws.

25. Is there a right of onward appeal? If so, what are the levels of onward appeal before the case reaches the highest appellate court?

An appeal against the decision of the Tribunal lies to the Federal High Court. A party dissatisfied with the Federal High Court's decision may appeal to the Court of Appeal and, from there to the Supreme Court of Nigeria.

26. What are the main penalties that can be applied when additional tax is charged? What are the minimum and maximum penalties?

When the relevant tax authority charges additional tax, it generally imposes a penalty of 10% of the additional tax assessed, together with interest on the outstanding amount.

For liabilities denominated in Naira, interest is calculated by reference to the Central Bank of

Nigeria's Monetary Policy Rate plus the applicable spread prescribed by the Minister. For foreign currency liabilities, interest is calculated by reference to the Secured Overnight Financing Rate (SOFR) plus the applicable ministerial spread.

Accordingly, while penalty is fixed at 10% of the additional tax, interest continues to accrue until the liability is settled.

27. If penalties can be mitigated, what factors are taken into account?

The relevant tax authority may, for any good cause shown, remit the whole or any part of a penalty or interest due under the NTAA or any other tax law. Although the Act does not define "good cause", factors that may be relevant include whether the default was inadvertent, the

taxpayer's compliance history, its cooperation with the authority, and any voluntary steps it took to correct the default.

The NTAA also empowers the President or a State Governor to remit tax where satisfied that it is just and equitable to do so.

28. Within your jurisdiction, what areas do you think are most likely to be subject to challenge over the next 12 months?

Based on what we are currently seeing in practice, we expect the following areas to be the subject of challenge over the next 12 months.

Application of the NTA to FY2025 returns – The transition guidelines provide that the repealed CITA continues to apply to periods before 1 January 2026. Despite this, the Nigeria Revenue Service ("NRS") is insisting that FY2025 returns, which are filed in 2026, be filed under the NTA. Many taxpayers are complying for now to avoid interest and penalties. However, we expect taxpayers to challenge the NRS's position, particularly where filing under the NTA results in a higher tax liability.

Significant Economic Presence and double taxation treaties – Non-resident companies from treaty countries that provide digital services to Nigerian customers are challenging assessments raised by the NRS under the NTA's Significant Economic Presence ("SEP") rules, and we expect these challenges to continue. The key issue is whether Nigeria's double taxation treaties protect a non-resident's SEP income in the same way as its other business profits. If they do, that income would not be taxable in Nigeria where there is no permanent establishment.

Stamp duty on share purchase agreements – Under the repealed Stamp Duties Act, the Tribunal held that the exemption for documents relating to the transfer of shares does not extend to share purchase agreements. The NTA reproduces the same exemption wording, which the NRS may rely on to charge ad valorem stamp duty on share purchase agreements. We expect taxpayers to resist any such attempt, including by arguing that the earlier decision was wrongly decided or should not be followed under the new regime. As a result, whether the decision continues to apply under the NTA is likely to be tested.

Taxation of Virtual Assets – Gains from digital assets are taxable under the NTA. However, the

NRS Guidelines on the Taxation of Virtual Assets (Information Circular No. 2026/21), effective 31 July 2026, introduce several measures that appear to go beyond the governing legislation and may therefore be open to challenge. These include: (a) a 1% withholding tax on gross disposal proceeds, even though disposals of virtual assets are not listed transactions under the withholding tax regulations; (b) a 1.5% ad valorem stamp duty on conversions between tokens and fiat currency, rather than the fixed duty that generally applies to agreements; and (c) a requirement to remit tax in the token used in the transaction, notwithstanding that the NTAA permits tax to be paid only in Naira or another currency, and virtual assets are not recognised as currency.

29. In your opinion, are there any areas that taxpayers are currently finding particularly difficult to deal with when faced with a challenge by the tax authorities?

In our experience, taxpayers in Nigeria are currently facing a number of difficulties arising from uncertainties in the interpretation and application of the tax laws, particularly following the introduction of the new tax regime.

Interaction between double taxation treaties and Significant Economic Presence – The NTA taxes non-resident companies that have either a permanent establishment or a SEP in Nigeria. The NRS's current focus is both on companies with a permanent establishment and non-resident companies that provide digital services to Nigerian customers which, in the NRS's view, have an SEP. The NRS takes the position that because Nigeria's double taxation treaties do not address SEP, the NTA applies to these companies without restriction. Taxpayers argue that SEP income is business income, and that, under the treaties, business income is taxable in Nigeria only where there is a permanent establishment. Until this question is settled, non-resident companies from treaty countries cannot rely on treaty protection with confidence. Many face assessments that they must dispute even though they have no permanent establishment in Nigeria.

Increased efforts by the NRS to bring non-resident companies into the tax net – More broadly, the NRS is making a concerted effort to bring non-resident companies that serve Nigerian customers into the Nigerian tax net. It is doing so on several grounds, including SEP, permanent establishment arising from the

company's activities in Nigeria, VAT on services supplied to Nigerian customers, and transfer pricing on dealings with related companies. As a result, nonresident companies are facing closer scrutiny of their Nigerian tax position, often on several grounds at the same time.

Transitional issues – Taxpayers currently face uncertainty about which tax framework applies to their FY2025 returns. Although the transition guidelines provide that the repealed Companies Income Tax Act ("CITA") applies to periods before 1 January 2026, the NRS expects taxpayers to prepare and file their FY2025 returns under the NTA.

The NRS's filing platform adds practical difficulty. In April 2026, the NRS announced the move from TaxPro Max to Rev360 as its next-generation digital tax administration platform. TaxPro Max is configured for the repealed tax laws, while Rev360 is configured for the new tax framework. However, large taxpayers and non-resident companies have not yet migrated to Rev360 and must continue to file on TaxPro Max. These taxpayers are therefore required to file their FY2025 returns under the NTA on a platform that is not configured for it.

Stamp duty requirement for share purchase agreements – Under the repealed Stamp Duties Act, documents relating to the transfer of stocks and shares were exempt from stamp duty and the NTA contains the same exemption. However, in a recent decision under the repealed Stamp Duties Act, the Tribunal held that a share purchase agreement is not a document relating to the transfer of shares. In the Tribunal's view, the exemption covers only the share transfer "form". In practice, share transfer forms are instruments filed at the Corporate Affairs Commission to effect the transfer of shares. As the NTA uses the same wording, there is a real risk that the Tribunal will take the same approach under the new regime. If it does, share purchase agreements will attract ad valorem stamp duty, which could be a significant cost given the value of most share acquisitions.

Increased involvement of other government agencies in tax-related matters – Other government agencies, particularly the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC) and the Economic and Financial Crimes Commission (EFCC), are increasingly involved in tax-related investigations and recovery. Although each agency has its own mandate, their activities often overlap with those of the NRS. Taxpayers therefore face multiple information requests, parallel investigations and competing demands for the same tax liability.

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