

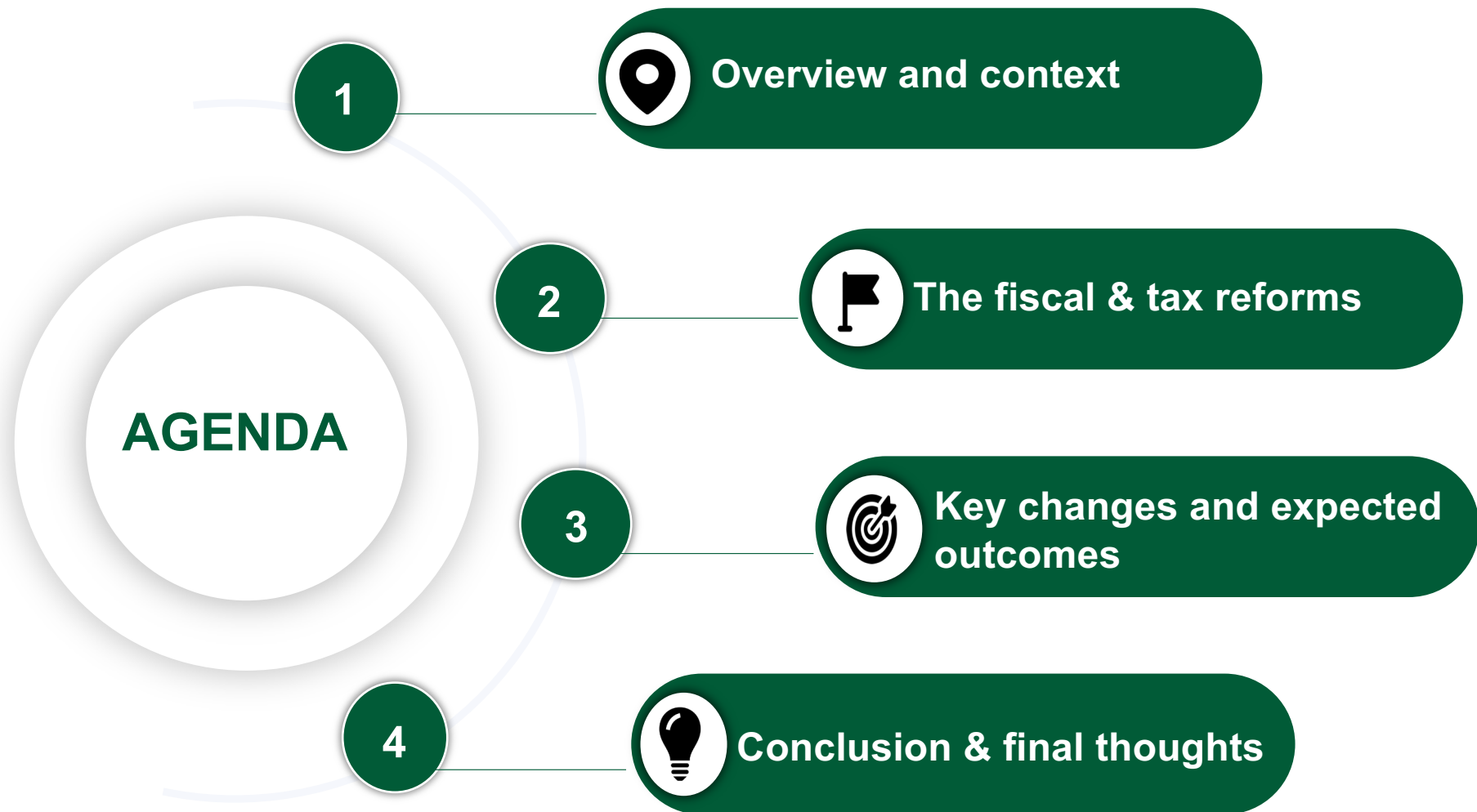


Nigeria's Tax Reforms

Key Highlights and Implementation Pathway



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We are no longer where we used to be

Painful but necessary reforms are beginning to yield positive results

Presidential Committee on Fiscal Policy and Tax Reforms



Work-in-progress:

- Exchange rates recovery and stability
- Sticky inflation and high cost of doing business
- Rising poverty and declining decent job opportunities
- High interest rate environment
- Insecurity challenges and social discontent
- Need for more efficient government
- Policy coordination and public communication

Positive indicators:

- Trade surplus and positive balance of payment
- Slowing global inflation and interest rate cuts
- Declining budget deficit & more infrastructural spending
- Improved tax to GDP and debt service to revenue ratios
- Moderation / pay-down of Ways & Means financing
- Rising crude oil and gas production
- Commencement of local crude oil refining
- Upgrades by rating agencies
- Capital market performance
- Improvement in forex inflow esp FPI & remittances



The fiscal and tax reforms

Presidential Fiscal Policy and Tax Reforms Committee



Nigeria's fiscal space was constrained and the tax system was unconducive for sustained growth



Fiscal environment:

- Low tax to GDP ratio (less than 10% pre-2024)
- High debt service to revenue ratio (97% in 2022)
- Growing budget deficits and deficit monetisation
- Over-reliance on oil revenue
- Inefficient public financial management

Tax policy:

- Inequity and unfair tax burden on taxpayers
- Distortionary tax incentive system
- Uncompetitive tax regime for businesses

Tax laws:

- Myriad of multiple taxes and levies
- Complex and ambiguous tax rules
- Remove archaic and obsolete laws

Tax administration:

- Integration and better collaboration
- Reduce cost of compliance and administration
- Modernisation and improved technology adoption



How we are reforming

People-Centric, Growth Focussed, Efficiency Driven

Fiscal framework	Tax changes	Growth enablers	Deliverables	KPIs
<ul style="list-style-type: none"> • Fiscal governance – revenue, debt, and spending • Revenue transformation – tax, assets, GOEs, natural resources • Economic growth facilitation and competitiveness • Enhanced policy coordination 	<ul style="list-style-type: none"> • Tax & tariffs redesign • Modern tax rules • Progressive tax regime • Eliminate tax on investment and capital • Incentives rationalisation • Fiscalisation and e-invoicing 	<ul style="list-style-type: none"> • Remove fiscal constraints • Address structural issues • Incentivise exports • Reduced WHT rates • Higher exemption threshold for small businesses • Promote business formalisation 	<ul style="list-style-type: none"> • National Fiscal Policy • Tax reform bills • Budgetary reforms • Presumptive tax regime • Enhanced fiscal federalism • National Single Window • Tax harmonisation 	<ul style="list-style-type: none"> • Enabling Environment • Policy Coordination • Fair Taxation • Sustainable Borrowing • Responsible Spending



Key tax reform changes

New tax laws enacted 26 June 2025, implementation from 1 January 2026

Tax Reform

01 Tax harmonisation

Number of taxes and tax collection agencies. Single window.



Digitisation 04

Fiscalisation and electronic invoicing, data for tax



02 Competitiveness

Level playing field, tax expenditure, elimination of tax on capital



Transparency 05

Tax agents, governance and reporting, fight corruption, cost of collection



03 Globalisation

Top up minimum tax, taxation of non-resident companies, SEP



Structural changes 06

Complementary forex measures, tax evasion, progressive taxes, informal sector, tax ombud



Top critical changes



VAT reform

Eligibility to claim input VAT on assets and services. VAT refund system. Self accounting and withholding VAT.

PIT reform

Exemption threshold, taxable income bands and rates, reliefs and allowances.

CIT reform

Zero percent CIT for small & medium size companies, simplified returns, simplified and business friendly capital allowance regime, no CAFA.

CGT reform

Incorporated into income tax regime. Deduction for digital assets rule. Exempt share proceeds up to N150m and gains not more than N10m in any 12 consecutive months.

Curbing evasion

Cross validation of expenses, fiscalisation and e-invoicing, tax intelligence and Tax ID harmonisation.

Moderating avoidance

Introduction of top-up tax to minimum effective tax rate of 15%, tax planning disclosure and incentives returns.

Tax Ombud

Independent and impartial arbiter, to conduct enquiries, institute legal proceedings on behalf of a taxpayer, act as a watchdog against arbitrary tax policy.

Tax agents

Every company shall designate a representative(s) to attend to its tax matters provided that a paid agent shall be accredited.

WHT regime

Exemptions for manufacturers, small businesses etc, lower rates, taxpayer issued credit notes.



Top critical changes

Economic Development Incentive Scheme

S/N	SECTORS	MIN INVESTMENTS	SUNSET
1	AGRICULTURE AND FOOD: Aquaculture, crop production, livestock, Aquaculture, Forestry, Dairy products	N30m – N500m	15 – 20 years
2	ENERGY: Refining, manufacture of electrical equipment, electricity and gas supply, renewable energy equipment	N5B – N100B	12 – 20 years
3	MINING AND QUARRYING: Mining of Coal, metal Ores, lithium, rare earth, Quarrying and Mining of other Minerals	N5B – N10B	20 years
4	HEALTH: Manufacture of medical and dental equipment and supplies	N5B	20 years
5	CREATIVE SECTOR AND COMMUNICATIONS TECHNOLOGY: Motion picture, video and television programme production, distribution and exhibition, music production.	N250m	20 years
6	UTILITY PROJECTS: Building and operation of utility projects (power lines, waterways, ports etc)	N200B	20 years
7	CHEMICAL AND BUILDING MATERIALS: Manufacture of chemical and pharmaceutical products, non-metallic products	N2B – N20B	15 years
8	STEEL AND METAL: Manufacture of basic Metals, Iron and Steel.	N5B	12 – 15 years
9	TRANSPORTATION: Manufacture of motor vehicles and components and other transport equipment, Maintenance, repair and overhaul, Transportation.	N5B – N50B	12 – 20 years
10	INDUSTRIAL MACHINERY: Manufacture of power-driven hand tools, general-purpose machinery, agricultural and forestry machinery, metal- forming machinery and machine tools.	N5B – 10B	10 – 15 years
11	ENVIRONMENT: Waste treatment, disposal and material recovery	N2B	12 years
12	TEXTILE PRODUCTION: Manufacture of textiles and Leather, Manufacture of sportswear	N500M – N2B	12 - 20 years
13	OTHER MANUFACTURING: Manufacture of pulp, paper and paper products	N1B	10 years
14	SERVICES: Business process outsourcing, shared services centre etc	N2B	10 years



What we expect from the reforms

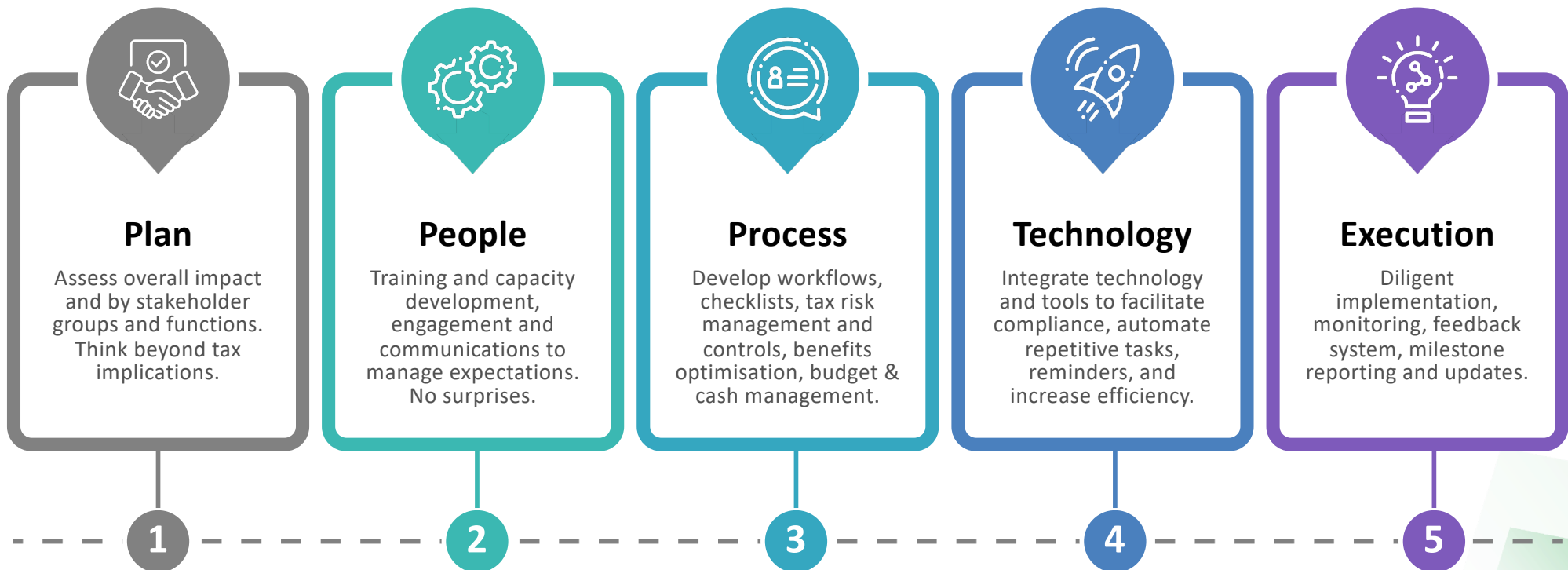
Facilitate economic growth, revenue mobilisation and shared prosperity!

Businesses	Households	Government
1. Reduced business risks <ul style="list-style-type: none"> • Elimination of min tax on capital • Certainty of tax treatment • Tax ruling, statute of limitation 2. Lower tax burden <ul style="list-style-type: none"> • Reduced tax rates • Harmonisation of taxes • Lower WHT & faster tax refunds 3. Competitive tax regime <ul style="list-style-type: none"> • Input VAT credits & tax reliefs • Economic devtpt incentive • Reorganisation regime, R&D 	1. Economic reliefs <ul style="list-style-type: none"> • Wage awards, transport subsidy • Tax waivers on food import, etc • Tax suspension on fuel products 2. Lower tax burden <ul style="list-style-type: none"> • Low-income earners exemption • Reduced rate for middle class • VAT zero rate & exemptions 3. Opportunities <ul style="list-style-type: none"> • Small biz regime & start-ups • Remote jobs facilitation • Tax breaks for investment income 	1. Economic growth <ul style="list-style-type: none"> • Economic stability and growth • Improved credit rating • Lower deficit & cost of debt 2. Revenue mobilisation <ul style="list-style-type: none"> • Improved Tax to GDP ratio • Non-oil revenue performance • Efficiency and optimisation 3. Fiscal sustainability <ul style="list-style-type: none"> • Healthy fiscal balance • Addressing distortions • Revenue harmonisation



Impact and readiness assessment

More than just tax ..



Conclusion and final thoughts

We can build a prosperous Nigeria, together!

Presidential Fiscal Policy and Tax Reforms Committee



Better days ahead -

We are on track & the worst is behind us

Staying the course -

We are not complacent, more work still needed

Position yourself -

Get onboard or you'll miss the train

Seek to understand -

Stakeholders need to be well informed + context

**Connecting
the dots**

**"The best way to predict
the future is to create it"**
(Abraham Lincoln)

Thank you!



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