Nigeria's Tax Reform Laws

Implications for Business & Investment

Presidential Fiscal Policy and Tax Reforms Committee
January 2026

AGENDA

1. General overview and economic context
2. Reform objectives and key changes
3. Implications for Investments and growth
4. Conclusion and final thoughts

Why the tax reform?

To address inequity and promote shared prosperity

A broken tax system

Fragmented and complex, unconducive for growth, regressive, high burden on Nigerians & businesses

Reform objectives

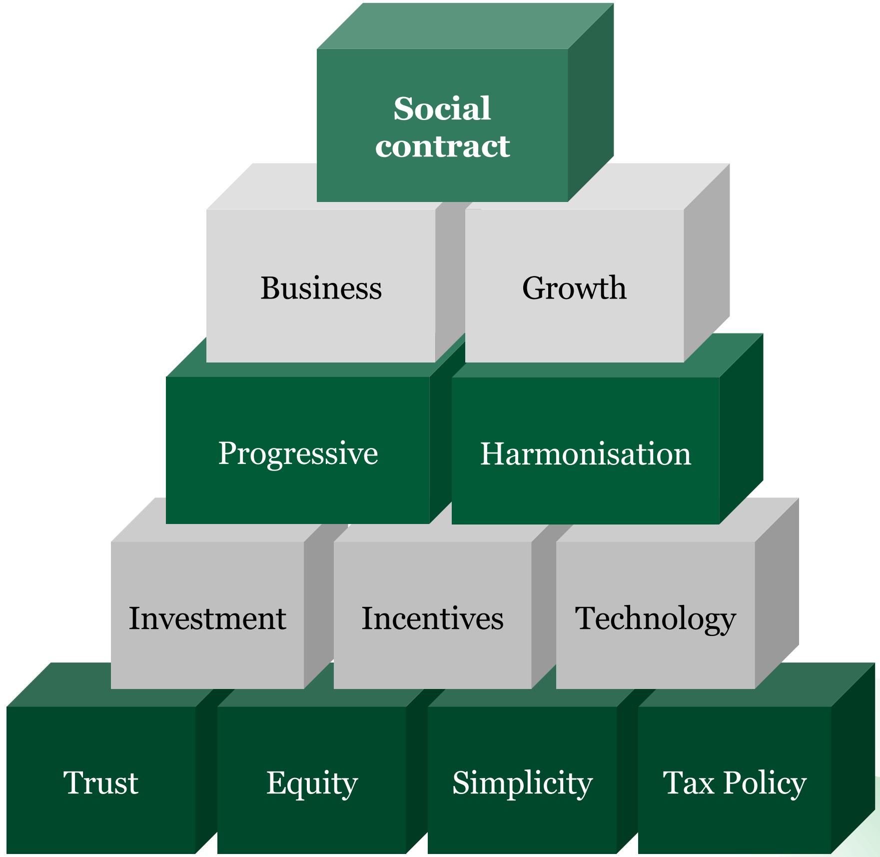
Fairness, harmonisation, efficiency, ease of doing business, transparency, economic development

Progress so far

Macroeconomic stability and growth, rising investor confidence, harmonisation, modernisation

Work-in-progress

Sustaining reforms, managing political economy, accelerating micro-outcomes for citizens, fiscal exchange and accountability.



Key features and changes

Stimulating inclusive growth and enhancing competitiveness

Tax Reform

01 Fiscal equity

Address fiscal drag, progressivity, fiscal federalism, protect taxpayer right, level playing field

02 Economic growth

Lower tax burden, disposable income, moderate inflation, economic development incentives, encourage formalisation

03 Competitiveness

Unilateral tax relief, competitive tax rates, digital economy reform, remove tax on capital e.g. min tax

Tax harmonisation 04

Single window, reduce number of taxes, integrate IDs, rationalise tax admin, audits and reporting.

Modernisation 05

Use of technology, risk-based audit, certainty of tax treatment & rulings, governance, transparency

Sustainable revenue 06

Close tax gap, rationalise incentives, curb tax evasion, moderate tax avoidance & BEPS

Economic Development Incentive Scheme

List of priority sectors, minimum investments and sunset provisions

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

Foreign portfolio investment in Nigeria

NBS Capital Importation

New tax reforms to drive capital market growth

Investors desire certainty and attractive risk adjusted returns

- CGT exemption for retail investors, re-investment, pension funds, REITs, security lending, re-organisation and M&A etc
- Deduction for capital losses and other incidental costs
- Elimination of WHT on bonus shares
- Create a level playing field for listed vs unlisted entities e.g. free zone tax regime
- Stamp duty exemption for all documents relating to the transfer of stocks & shares
- Reduced costs of business through input VAT credit for assets and overheads
- Planned reduction in Companies Income Tax rate from 30% to 25%
- Harmonisation of earmarked taxes such as TET, NITDA levy, NASENI etc
- Repeal and harmonisation of other taxes and levies from over 60 to less than 10
- Moderate excessive fees and levies by government agencies - Tax Ombud
- Elimination of the current minimum tax on companies' turnover / capital
- Tax exemption for state government bonds
- Personal Income Tax exemption or WHT as final tax on fixed income securities
- Lower WHT rate or exemptions for businesses to cushion cash flow strains
- WHT as final tax for foreign investors dividend and interest incomes
- Exemption from TIN requirement for foreign investors to ease compliance

Other key highlights (1)

- All investors in the stock market are eligible for CGT exemption either unconditionally or subject to re-investment
- Elimination of WHT on bonus shares
- Tax exemption for state government bonds
- Faster and clearer rules for tax offsets and refunds
- Rationalisation of free trade zone tax status
- Stamp duty exemption for all documents relating to the transfer of stocks & shares
- TAT expanded jurisdiction and lower pre-deposit requirement – lower of prior-year tax or 50% of assessment
- Planned reduction in Companies Income Tax rate from 30% to 25%
- Harmonisation of earmarked taxes such as TET, NITDA levy, NASENI etc
- Ongoing process to amend the constitution to address multiplicity of taxes and enhance accountability in public financial management

Other key highlights (2)

- Tax Ombud to protect taxpayer rights including moderation of excessive regulatory fees
- Elimination of the current minimum tax on companies' turnover / capital
- Relaxed rules on related-party interest deduction capped at 30% of EBITDA
- Full input VAT recovery for goods and services - major shift especially for service businesses.
- Mandatory e-invoicing, fiscalisation and real-time reporting.
- Small businesses exempt from VAT registration and filing; opt-in allowed.
- New VAT attribution rules ensure fairer state revenue sharing
- Elimination of CAFA for capital allowance purposes and limited requirements for TCC
- Digital correspondence recognised legally (emails, portals, and e-documents).
- Professional tax agents representing taxpayers must be accredited
- Self assessment include automated data and pre-populated returns
- Employment relief and transport subsidy for low-income earners

Implications for investment and growth

Facilitate economic growth and shared prosperity!

Businesses	Households	Government
1. Reduced business risks • Elimination of min tax on capital • Certainty of tax treatment • Tax ruling, statute of limitation	**1. Economic reliefs** • Wage awards, transport subsidy • Tax waivers on food import, etc • Tax suspension on fuel products	**1. Economic growth** • Economic stability and growth • Improved credit rating • Lower deficit & cost of debt
2. Lower tax burden • Reduced tax rates • Harmonisation of taxes • Lower WHT & faster tax refunds	**2. Lower tax burden** • Low-income earners exemption • Reduced rate for middle class • VAT zero rate & exemptions	**2. Revenue mobilisation** • Improved Tax to GDP ratio • Non-oil revenue performance • Efficiency and optimisation
3. Competitive tax regime • Input VAT credits & tax reliefs • Economic devpt incentive • Reorganisation regime, R&D	**3. Opportunities** • Small biz regime & start-ups • Remote jobs facilitation • Tax breaks for investment income	**3. Fiscal sustainability** • Healthy fiscal balance • Addressing distortions • Revenue harmonisation

Impact and readiness assessment

More than just tax ...

Plan

Assess overall impact and by stakeholder groups and functions. Think beyond tax implications.

1

People

Training and capacity development, engagement and communications to manage expectations. No surprises.

2

Process

Develop workflows, checklists, tax risk management and controls, benefits optimisation, budget & cash management.

3

Technology

Integrate technology and tools to facilitate compliance, automate repetitive tasks, reminders, and increase efficiency.

4

Execution

Diligent implementation, monitoring, feedback system, milestone reporting and updates.

5

In a nutshell

Better days ahead …

Seek to understand

Stakeholders need to be well informed, within context from credible sources. Beware of misinformation

01

Mind the gap

Assess areas of likely impacts including compliance requirements, strategic changes, opportunities and broader issues.

02

Strategic positioning

Be proactive - develop an action plan to minimise challenges and maximise opportunities.

03

Thank You

Engage with us:

Website – fiscalreforms.ng

Email – enquiries@fiscalreforms.ng

WhatsApp - 08109753151

LinkedIn – Fiscal Reforms Nigeria

X (Twitter) – @fiscalreformsng

Instagram - fiscalreformsng

Facebook – fiscal reforms ng

YouTube – fiscal reforms ng

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