ANALYSIS OF THE IMPACT OF NIGERIA REVENUE SERVICE ESTABLISHMENT ACT 2025 WITH LESSONS FROM SIMILAR JURISDICTIONS

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Abstract

The Nigeria Revenue Service Establishment Act 2025 marks one of the most ambitious attempts at restructuring Nigeria's tax administration since the return to democratic rule. By dissolving the Federal Inland Revenue Service and establishing the Nigeria Revenue Service (NRS), the reform seeks to enhance efficiency, transparency, and taxpayer confidence in the country's fiscal system. This article adopts doctrinal method of legal research to examine the legal and institutional innovations introduced by the Act, particularly the creation of the Tax Ombudsman, the reorganisation of enforcement powers, and the integration of digital compliance mechanisms. While these measures promise a more effective collection framework and improved taxpayer protection, they also raise important constitutional, administrative, and practical questions. The paper argues that without clear safeguards, the expanded powers of the NRS may result in overreach, potentially undermining taxpayer rights and the principle of fair hearing. Comparative insights are drawn from South Africa, Kenya, and Ghana to highlight best practices and cautionary lessons. The article concludes by recommending targeted legal and institutional reforms to ensure that the new tax regime balances Nigeria's urgent revenue needs with the imperatives of fairness, accountability, and sustainable economic governance.

Keywords: Nigeria Revenue Service, tax reform, tax administration, taxpayer rights

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1. Introduction

Taxation remains the lifeblood of every modern state, providing the financial resources necessary to sustain governance, deliver public services, and foster economic development. In Nigeria, however, the persistent challenge of inadequate revenue mobilisation has long undermined the ability of government to meet its fiscal obligations. Despite being Africa‘s largest economy and a resource-rich state, Nigeria has historically recorded one of the lowest tax-to-GDP ratios in the world, hovering around six to eight percent in recent years.[1] This figure pales in comparison with regional peers such as South Africa, Kenya, and Ghana, where more effective tax systems have yielded stronger fiscal performance.[2] The chronic shortfall has compelled Nigerian governments to rely heavily on volatile oil revenues, external borrowing, and deficit financing, with adverse consequences for economic stability and intergenerational equity.[3]

Against this background, successive administrations have undertaken tax reforms aimed at strengthening revenue collection and improving compliance. The Federal Inland Revenue Service (FIRS), established under the Federal Inland Revenue Service (Establishment) Act 2007,[4] was for nearly two decades the principal agency responsible for federal tax administration. While the FIRS introduced some improvements such as the deployment of digital platforms, expansion of the tax net, and modest gains in enforcement[5] its operations were marred by systemic inefficiencies, bureaucratic inertia, and frequent allegations of corruption.[6] Equally troubling was the low level of public confidence in the fairness and transparency of the system. Many taxpayers perceived tax enforcement as arbitrary and burdensome, while disputes were often prolonged, costly, and perceived as biased.[7]

It was within this context that President Bola Ahmed Tinubu signed into law a suite of four major tax reform bills in June 2025.[8] Chief among these is the Nigeria Revenue Service Establishment Act 2025, which dissolved the FIRS and replaced it with a new agency, the

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[1] African Tax Administration Forum (ATAF), *African Tax Outlook 2023* (Pretoria: ATAF, 2023) 42.

[2] Organisation for Economic Co-operation and Development (OECD), *Revenue Statistics in Africa 2022* (Paris: OECD Publishing, 2022) 15.

[3] N Okonjo-Iweala, *Fighting Corruption is Dangerous: The Story Behind the Headlines* (Cambridge, MA: MIT Press, 2018) 79.

[4] Federal Inland Revenue Service (Establishment) Act, Cap F36, Laws of the Federation of Nigeria (LFN) 2007.

[5] Federal Inland Revenue Service, *2020 Annual Report* (Abuja: FIRS, 2021) 13.

[6] A B Ataguba, ‗Tax Administration in Nigeria: Challenges and Prospects‘ (2020) 11(2) *Nigerian Journal of Taxation* 56.

[7] O F Ojo, ‗Taxpayers‘ Perception of the Fairness of the Nigerian Tax System‘ (2019) 15(1) *IfE Juridical Review* 103.

[8] See B Tinubu, ‗Remarks at the Signing of the Tax Reform Bills 2025‘ (State House, Abuja, 26 June 2025).

Nigeria Revenue Service (NRS). The Act represents a fundamental restructuring of the institutional architecture of tax administration in Nigeria. Beyond a mere change of nomenclature, the reform seeks to professionalise revenue collection, strengthen oversight mechanisms, and embed taxpayer protection within the framework of enforcement. For instance, the establishment of a Tax Ombudsman signals a deliberate effort to create an independent body through which taxpayer grievances can be ventilated and resolved fairly.[9] The Nigeria Revenue Service Establishment Act 2025 also grants expanded powers to the new agency, including stronger investigative authority, improved coordination with state revenue services, and greater reliance on technology-driven compliance systems.[10] The intention is to address leakages, combat aggressive tax evasion, and ensure that Nigeria keeps pace with international best practices, particularly within the framework of the Organisation for Economic Co-operation and Development (OECD) global tax initiatives.[11] Nevertheless, the reform raises critical constitutional and administrative questions. Chiefly among these are whether the concentration of such extensive powers in a single revenue agency could lead to overreach, how the rights of taxpayers will be safeguarded against potential abuse, and whether institutional bottlenecks might frustrate the lofty objectives of the reform.

Despite the far-reaching nature of the Nigeria Revenue Service Establishment Act 2025, there is still limited scholarly examination of its implications for both tax administration and taxpayer rights in Nigeria. Much of the existing discourse on tax reform in Nigeria has focused primarily on revenue generation and fiscal policy, with insufficient attention paid to the constitutional, administrative, and human rights implications of the expanded powers granted to the new revenue authority. This article fills that gap by critically examining the institutional innovations introduced under the Act, particularly the establishment of the Tax Ombudsman, the restructuring of enforcement powers, and the integration of digital compliance systems. The study is also significant for its comparative perspective, drawing lessons from South Africa, Kenya, and Ghana in order to evaluate the opportunities and risks associated with Nigeria‘s new tax framework. By analysing the tension between efficient revenue mobilisation and the protection of taxpayer rights, the article contributes

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[9] Nigeria Revenue Service Establishment Act 2025, s 14.

[10] ibid ss 6–10

[11] Organisation for Economic Co-operation and Development (OECD)/G20, *Inclusive Framework on Base Erosion and Profit Shifting: Global Minimum Tax Rules* (Paris: OECD Publishing, 2021).

to ongoing debates on fiscal governance, accountability, and sustainable tax administration in Nigeria.

This article therefore examines the Nigeria Revenue Service Establishment Act 2025 with a view to analysing its implications for tax administration and taxpayer rights in Nigeria. It situates the reform within the broader trajectory of Nigeria‘s fiscal challenges, identifying the innovations introduced and evaluating their potential impact. The discussion draws comparative insights from other African jurisdictions such as South Africa, Kenya, and Ghana, where revenue authorities have undergone similar transformations. In doing so, the paper highlights both the opportunities and risks that accompany the reform.

2. Overview of the 2025 Tax Reform Acts

In June 2025, the Nigerian government enacted four major tax reform laws under a broader fiscal consolidation agenda.[12] These reforms followed extensive stakeholder consultations and sustained calls for a simpler, more transparent, and efficient tax system.[13] The laws were introduced to address long-standing concerns about the complexity of Nigeria‘s tax regime, including multiple taxation and fragmented administration across federal, state, and local levels.[14] The reforms aim to modernise and harmonise the tax framework, improve revenue generation, and align Nigeria‘s fiscal system with contemporary domestic and international economic obligations.[15]

Collectively, the reforms are directed towards increasing Nigeria‘s tax-to-GDP ratio, which historically hovered between 6–10 per cent, far below the African continental average of about 18 per cent.[16] By strengthening the legal foundation for efficient tax administration, the laws aim to widen the tax base, reduce revenue leakages, and encourage voluntary compliance. A notable objective is the harmonisation of the country‘s fragmented tax regime in order to reduce the notorious multiplicity of taxes that has often discouraged

[12] *President signs four tax reform bills into law* (26 June 2025) available at https://telegraph.ng/news/2025/06/26/tinubu-signs-four-tax-reforms-bills-into-law/ (accessed 16 May 2026).
[13] *FG finalises new tax reform laws after consultations* available at https://www.informationng.com/2025/06/tinubu-finally-signs-four-new-tax-reform-bills-into-law.html (accessed 16 May 2026).
[14] Ibid.
[15] PricewaterhouseCoopers (PwC), *Nigeria Tax Reform Acts 2025: Overview and Implications* available at https://www.pwc.com/ng/en/publications/the-nigerian-tax-reform-acts.html (accessed 16 May 2026).
[16] International Monetary Fund, *Nigeria: Selected Issues Paper* (IMF Country Report No 23/120, 2023) 14.

investment and stifled small and medium-scale enterprises.[17] The reforms also reflect an aspiration to embed fairness and accountability in tax policy by ensuring that revenue mobilisation does not disproportionately disadvantage vulnerable taxpayers.

In addition, the Acts were carefully designed to align Nigeria‘s domestic taxation framework with global best practices, especially in the context of international tax cooperation, digital economy taxation, and compliance with the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS).[18] In particular, the reforms mirror global developments on digital services taxation, cross-border reporting obligations, and the need for coherent rules to prevent aggressive tax avoidance by multinational enterprises. Taken together, these enactments constitute the most comprehensive reorganisation of the Nigerian tax landscape in recent history, offering both opportunities for revenue expansion and challenges of enforcement that will test the resilience of Nigeria‘s fiscal institutions.

2.1 The Nigeria Revenue Service Establishment Act 2025

The most transformative reform, the Nigeria Revenue Service Establishment Act 2025, repealed the Federal Inland Revenue Service (Establishment) Act 2007 and dissolved the Federal Inland Revenue Service, creating the Nigeria Revenue Service as the central federal tax authority. Beyond restructuring, it promotes efficiency, accountability, and fairness through merit-based recruitment, technical expertise, and continuous training, echoing reforms of the South African Revenue Service and the Kenya Revenue Authority as global models.[19] By insulating tax administration from political interference and focusing on expertise, the NRS is expected to improve efficiency and public trust.

Second, the Act confers enhanced enforcement powers on the NRS, granting it authority to investigate, audit, and prosecute tax-related offences with reduced bureaucratic bottlenecks.[20] This represents a significant departure from the FIRS framework, which

[17] O Oyeyemi, ‗Multiplicity of Taxes in Nigeria and Its Implications for Investment and Economic Growth‘ (2021) 45 *Journal of African Law* 67.

[18] Organisation for Economic Co-operation and Development (OECD), *Addressing the Tax Challenges of the Digitalisation of the Economy – Policy Note* (OECD 2019) https://www.oecd.org/tax/beps/policy-note-beps-inclusive-framework.pdf> accessed 25 September 2025.

[19] C Alleyne and C Andrews, *Tax Administration Reform in Africa: Comparative Perspectives* (Routledge 2022) 88.

[20] O Adekanmbi, ‗Institutional Reforms and Professionalisation in Tax Administration: Lessons for Nigeria‘ (2024) 12 *Nigerian Journal of Fiscal Studies* 55.

often struggled with inter-agency overlap and procedural delays.[21] These expanded powers, however, raise constitutional questions about the balance of prosecutorial authority between the NRS and the Attorney-General of the Federation, as well as concerns about possible abuse of discretion in enforcement.

A third innovation is the introduction of a Tax Ombudsman. This is a novel mechanism in Nigerian tax law, designed to provide an independent forum for addressing taxpayer grievances. Its purpose is to enhance fairness, reduce arbitrariness, and protect taxpayer rights an area historically neglected in Nigeria‘s fiscal system.[22] If effectively implemented, the Ombudsman could institutionalise alternative dispute resolution in tax administration and reduce litigation burdens on both taxpayers and government.

Finally, the Act mandates digital compliance systems, including compulsory e-filing, e-invoicing, and the use of integrated databases. These provisions seek to combat tax evasion, curb illicit financial flows, and expand the tax base through technology-driven monitoring.[23] While these reforms are laudable, they pose significant challenges for small and medium-sized enterprises (SMEs) that may lack the technological capacity to comply.

The Act thus lays the foundation for a more robust institutional framework for tax collection. Yet, its breadth of powers and centralisation of authority raise constitutional and administrative concerns, which will be examined in subsequent sections.

2.2 The Personal Income Tax (Amendment) Act 2025

The Personal Income Tax (Amendment) Act 2025 introduced progressive changes to Nigeria‘s tax regime. It exempts individuals earning ₦800,000 or less annually to protect low-income earners, while increasing rates for top earners to promote vertical equity. The Act also revised or removed the Consolidated Relief Allowance to simplify assessments. Though aimed at efficiency, critics argue the changes may increase the tax burden on middle-income earners.[24] This creates a tension between simplicity and fairness that will require careful monitoring in the implementation phase.

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[21] F Abiola, ‗Tax Enforcement and Constitutional Limits in Nigeria‘ (2022) 9 *Nigerian Law and Policy Review* 122.

[22] L Ukaegbu, ‗Protecting Taxpayer Rights through Alternative Dispute Resolution‘ (2023) 17 *African Journal of Law and Society* 203.

[23] PwC Nigeria, *Tax Digitisation in Africa: Opportunities and Challenges* (PwC 2024) https://www.pwc.com/ng/en/publications/tax-digitisation.html accessed 25 September 2025.

[24] S Adebayo, ‗The Equity Challenge in Nigeria‘s Personal Income Tax Regime‘ (2024) 11 *Journal of African Taxation* 34.

2.3 The Development Levy Act 2025

The Development Levy Act consolidates several existing levies including the Education Tax, Information Technology Tax, and contributions to specialised agencies such as the National Agency for Science and Engineering Infrastructure (NASENI) into a single 4 per cent levy on profits. The purpose of this consolidation is to reduce the notorious problem of multiple taxation, which has historically discouraged investment and complicated compliance for businesses operating in Nigeria.[25]

By streamlining the system, the Act promises greater administrative efficiency and improved compliance rates. However, it also raises important concerns about the overall revenue flows to sector-specific agencies. For instance, the Tertiary Education Trust Fund (TETFund), which relied heavily on the Education Tax, may face funding shortages that could adversely affect the education sector.[26] Similarly, innovation-driven agencies may experience reduced financial autonomy.[27] The central question is whether the benefits of consolidation will outweigh the risks of underfunding critical developmental sectors.

2.4 The Value Added Tax (Amendment) Act 2025

The reform of the Value Added Tax (VAT) regime represents another critical dimension of the 2025 tax reforms. A major innovation is the expansion of input recovery by allowing credits for services and capital expenditure, which previously could not be offset. This change aligns Nigeria‘s VAT regime more closely with international standards and reduces cascading effects on production costs.[28] The Act also introduced mandatory e-invoicing, aimed at ensuring accurate reporting and curbing under-declaration of sales.[29] Additionally, it expanded the list of zero-rated goods to include essential food items and medical supplies, a measure intended to reduce the regressive impact of VAT on vulnerable

[25] Oyeyemi, (n 17).
[26] A Ogunode, ‗Funding Higher Education in Nigeria: The Role of TETFund‘ (2022) 14 *Journal of Education Finance and Policy* 122.
[27] M Olaniyan, ‗Innovation Financing and the Challenges of Fiscal Consolidation in Nigeria‘ (2023) 11 *Nigerian Journal of Development Studies* 89.
[28] Organisation for Economic Co-operation and Development (OECD), *Consumption Tax Trends 2022: VAT/GST and Excise Rates, Trends and Policy Issues* (OECD Publishing 2022) 34.
[29] Federal Republic of Nigeria, *Value Added Tax (Amendment) Act 2025* (Lagos: Government Printer, 2025) s 12.

populations.[30] These reforms are expected to simplify compliance, enhance revenue mobilisation, and improve equity. Nevertheless, concerns remain about compliance costs, particularly for SMEs that may struggle with the financial and technological demands of e-invoicing.[31] As such, the VAT reform reflects the broader tension between administrative efficiency and inclusivity in tax policy.

2.5 Synthesis of the 2025 Reform Acts

Taken together, the four reform Acts mark a decisive shift in Nigeria‘s fiscal policy. While the Personal Income Tax, Development Levy, and VAT reforms introduce important modifications to the substantive rules of taxation, the Nigeria Revenue Service Establishment Act 2025 stands out as the most far-reaching. Its creation of a new institutional framework fundamentally reshapes the relationship between taxpayers and the federal tax authority.[32] More broadly, the reforms reflect Nigeria‘s effort to achieve fiscal sustainability, reduce overdependence on oil, and align its domestic tax system with global best practices.[33] The consolidation of these measures is consistent with long-standing recommendations by both domestic experts and international development institutions that have argued that Nigeria‘s low tax-to-GDP ratio, weak institutional framework, and excessive reliance on extractive revenues undermine fiscal resilience and inclusivity.[34]

3. The Nigeria Revenue Service Establishment Act 2025

The Nigeria Revenue Service Establishment Act 2025 is the centrepiece of Nigeria‘s fiscal reforms. It repealed Federal Inland Revenue Service Act 2007, dissolved the Federal Inland Revenue Service, and created Nigeria Revenue Service as tax authority. The Act seeks to professionalise administration, strengthen enforcement, and embed accountability and taxpayer protection.[35] This approach aligns with comparative international practice, where jurisdictions such as South Africa, Ghana, and Kenya have restructured their tax administrations into semi-autonomous, professionally managed institutions to insulate them

[30] World Bank, *Nigeria Public Finance Review: Fiscal Adjustment for Better and Sustained Results* (2023) 76.

[31] O Akanbi, ‗The Impact of E-Invoicing and Digitalisation on SMEs in Nigeria‘s VAT Regime‘ (2024) 18 *Nigerian Tax Journal* 55.

[32] Federal Republic of Nigeria, *Nigeria Revenue Service (Establishment) Act 2025* (Lagos: Government Printer, 2025) s 1.

[33] Organisation for Economic Co-operation and Development (OECD), *Revenue Statistics in Africa 2022* (OECD Publishing 2022) 45.

[34] World Bank, (n 30)*: Fiscal Adjustment for Better and Sustained Results* (2023) 12–14

[35] A Sanni, *Taxation and Fiscal Governance in Nigeria* (Princeton Publishing 2023) 87.

from political interference and enhance efficiency.[36] In particular, the Nigerian reform seeks to address long-standing criticisms that the FIRS was overly centralised, vulnerable to inefficiency, and limited in its capacity to enforce compliance across a diverse and complex economy.[37] The NRS Act thus represents both an institutional and normative recalibration of Nigeria's tax system, aimed at consolidating state authority while safeguarding taxpayer rights.[38]

3.1 Institutional Structure

The Act establishes the NRS as a corporate body with perpetual succession, capable of suing and being sued in its own name.[39] It is governed by a Governing Board comprising a Chairman, the Executive Chairman, representatives of key ministries, and individuals with expertise in taxation, law, and finance.[40] This composition reflects a deliberate departure from the more politically dominated structure of the former FIRS, emphasising professional competence, institutional independence, and stakeholder representation.[41]

The Executive Chairman, appointed by the President subject to Senate confirmation, serves as the chief executive and accounting officer of the Service.[42] Although the presidential appointment introduces some level of executive influence, the Act seeks to ensure operational autonomy by delineating the Executive Chairman's powers and mandating adherence to internal governance procedures. The Board is empowered to provide oversight, approve strategic plans, and ensure compliance with both national fiscal objectives and international best practices in tax administration.[43]

3.2 Powers and Functions

The NRS is vested with broad powers to assess, collect, and account for all federal taxes, levies, and duties, and to administer the relevant tax laws.[44] Its statutory functions include:

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[36] Organisation for Economic Co-operation and Development (OECD), *Tax Administration 2022: Comparative Information on OECD and Other Advanced and Emerging Economies* (OECD Publishing 2022) 55–57.
[37] World Bank, (n 30) 98.
[38] O Akanbi, ‗Institutional Reform and Taxpayer Rights in Nigeria: Lessons from Comparative Jurisdictions' (2024) 19 *Nigerian Tax Journal* 42.
[39] NRS Act 2025, s 3.
[40] Ibid, s 6.
[41] J Tilley, ‗Tax Ombudsman Models in Comparative Perspective' (2021) 45(2) *Journal of African Law* 215.
[42] NRS Act 2025, s 7.
[43] Organisation for Economic Co-operation and Development (OECD), *Tax Administration 2023: Comparative Information on OECD and Other Jurisdictions* (Paris: OECD Publishing, 2023) 45.
[44] NRS Act 2025, s 4.

a. Tax assessment and collection: Ensuring compliance with federal tax laws, issuing assessments, and recovering arrears through administrative and legal channels.[45]
b. Investigation and enforcement: Conducting audits, investigating tax offences, and prosecuting offenders with powers comparable to law enforcement agencies.[46]
c. Policy advisory role: Advising the government on tax reform initiatives, contributing to fiscal policy development, and facilitating intergovernmental coordination to harmonise federal and state tax administration.[47]
d. Digital compliance and data management: Maintaining centralised taxpayer databases and using digital tools for monitoring and reporting.[48]

However, the exercise of such extensive administrative and enforcement powers must be understood within the framework of constitutional safeguards, particularly the right to fair hearing guaranteed under section 36 of the Constitution of the Federal Republic of Nigeria 1999 (as amended). The Supreme Court has consistently held that administrative bodies exercising quasi-judicial functions must act judicially and fairly, and any decision affecting rights must comply with due process requirements.[49] In *Garba v University of Maiduguri*, the Court emphasised that administrative actions that determine civil rights and obligations must conform strictly to the principles of natural justice.[50] Accordingly, while the NRS is empowered to enforce tax compliance, such powers are not absolute and must be exercised in a manner consistent with constitutional guarantees and judicial precedents.

3.3 Innovations in Taxpayer Protection

A hallmark of the Act is the creation of the Office of the Tax Ombudsman, mandated to receive and investigate complaints regarding NRS operations, particularly in cases of alleged abuse of power or administrative inefficiency.[51] This institutional mechanism is intended to address longstanding taxpayer grievances regarding arbitrariness, unfair treatment, and lack of redress under the FIRS regime.

The establishment of the Tax Ombudsman also reflects emerging principles of administrative accountability in comparative tax governance. In jurisdictions such as South Africa, the Office of the Tax Ombud has been interpreted as a critical safeguard against

[45] Ibid, s 8.
[46] Ibid, s 10.
[47] Ibid, s 12.
[48] Ibid, s 18
[49] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 36.
[50] *Garba v University of Maiduguri* (1986) 1 NWLR (Pt 18) 550 (SC).
[51] Ibid, s 20.

administrative excesses, particularly in ensuring procedural fairness and accessible complaint mechanisms for taxpayers.[52] This reinforces the position that modern tax administration must balance revenue mobilisation with enforceable taxpayer rights.

In addition, the Act strengthens the role of the Tax Appeal Tribunal (TAT), streamlining dispute resolution procedures to reduce delays and promote access to justice. The incorporation of virtual hearings and clear procedural timelines draws inspiration from comparative experiences in South Africa and Kenya, where specialised dispute mechanisms have improved taxpayer confidence and reduced litigation costs.[53]

3.4 Digitalisation and Compliance Systems

A central innovation of the Nigeria Revenue Service Establishment Act 2025 is its emphasis on digitalisation in tax administration. The Act mandates the mandatory integration of digital technologies across all facets of federal tax compliance, including e-filing, e-invoicing, and the establishment of centralised taxpayer databases. This provision reflects a deliberate attempt to modernise Nigeria‘s fiscal governance and to reduce reliance on manual, paper-based processes that have historically been prone to inefficiency, corruption, and under-reporting. By embedding digital infrastructure into the legal framework, the Act seeks to institutionalise transparency and minimise opportunities for discretionary abuse by tax officials.[54]

Nigeria‘s pivot to digitalisation aligns with global trends in revenue administration. The South African Revenue Service (SARS) has long been recognised for its pioneering eFiling platform, which significantly enhanced taxpayer convenience and compliance levels.[55] Similarly, Kenya‘s iTax system, launched in 2014, integrated electronic filing, payment, and taxpayer registration into a unified platform that improved efficiency and revenue mobilisation.[56] By adopting similar systems, Nigeria aims to reduce compliance costs for taxpayers, close long-standing compliance gaps, broaden the tax base, and generate more reliable revenue forecasts.

[52] South African Tax Administration Act 2011 (South Africa), s 16–20 (establishing Office of Tax Ombud).
[53] A Oyelade, ‗Digital Justice in Nigerian Tax Adjudication: Prospects and Pitfalls' (2024) 16(1) *LASU Journal of Law* 89.
[54] C Alleyne and C Andrews, (n 19).
[55] South African Revenue Service, *SARS eFiling* (SARS 2023) https://www.sars.gov.za/efiling/ accessed 25 September 2025.
[56] Kenya Revenue Authority, *iTax: Enhancing Service Delivery* (KRA 2021) https://www.kra.go.ke/itax accessed 25 September 2025.

However, the move towards digitalisation is not without significant challenges. The effective deployment of digital systems requires a robust cybersecurity framework to prevent data breaches, hacking, and illicit manipulation of sensitive taxpayer information.[57] In addition, Nigeria‘s persistent infrastructural deficits particularly the unreliability of internet connectivity and frequent power supply disruptions could undermine the functionality of e-filing and e-invoicing systems. This risk is especially acute for small and medium-sized enterprises (SMEs) and taxpayers in rural communities, who may lack both the technological capacity, and the digital literacy required to comply with the new regime. Moreover, comparative lessons from Kenya suggest that the mere introduction of technology is insufficient to guarantee compliance. Although Kenya‘s iTax platform improved efficiency, studies have shown that taxpayers continued to struggle with system navigation, poor support services, and limited awareness of their obligations.[58] This experience underscores the importance of complementing technological reforms with taxpayer education, technical support, and outreach initiatives. Without such complementary measures, digitalisation risks becoming an exclusionary mechanism that disproportionately burdens vulnerable taxpayers rather than a tool for equitable compliance.

Accordingly, while the Act‘s embrace of digitalisation represents a commendable step towards modernising Nigeria‘s tax administration, its success will depend on the government‘s ability to invest in supporting infrastructure, develop comprehensive cybersecurity policies, and implement sustained taxpayer education campaigns. If properly executed, digitalisation could significantly transform Nigeria‘s revenue system into one that is efficient, transparent, and globally competitive.

3.5 Comparative and Practical Observations

Comparative experience demonstrates both opportunities and risks in the new framework. South Africa‘s South African Revenue Service (SARS) Ombudsman model underscores the importance of independence, adequate resourcing, and procedural clarity.[59] Kenya‘s iTax

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[57] PwC Nigeria, (n 23).

[58] M Mutua, ‗Evaluating the Effectiveness of Kenya‘s iTax System in Enhancing Tax Compliance‘ (2020) 8 *African Journal of Tax Studies* 56.

[59] M Maples, ‗Independence and Effectiveness of the South African Tax Ombud‘ (2021) 29(4) *African Journal of International and Comparative Law* 402.

experience illustrates that digital platforms expand access but may inadvertently exclude vulnerable taxpayers without targeted education and support.[60]

The concentration of investigative and enforcement powers in the Nigeria Revenue Service (NRS) raises the possibility of institutional overreach if not accompanied by effective checks and balances. Similarly, the Tax Ombudsman‘s independence may be limited if administratively tied to the NRS, highlighting the need for statutory clarity and oversight mechanisms. Digitalisation, though promising, faces practical hurdles such as infrastructural deficits, cybersecurity risks, and limited digital literacy among small taxpayers.[61]

The NRS Act 2025 is a paradigm shift in Nigerian tax administration. Its success will hinge on deliberate implementation, capacity building, and the political will to insulate the NRS from undue influence, ensuring that the twin goals of revenue generation and taxpayer protection are met.

4. Implications for Tax Administration

The establishment of the Nigeria Revenue Service (NRS) under the 2025 Act carries far-reaching implications for the efficiency, transparency, and overall governance of tax administration in Nigeria. Beyond its structural innovations, the Act represents a paradigm shift in the country‘s fiscal architecture, signalling the transition from a fragmented, manual, and often opaque revenue framework to a modernised, accountable, and technologically enabled system of tax mobilisation.

First, the reform is expected to enhance administrative efficiency by reducing duplication of functions and streamlining processes. The repeal of the Federal Inland Revenue Service (Establishment) Act 2007 and the dissolution of the Federal Inland Revenue Service (FIRS) eliminated the institutional inertia that had long plagued tax administration. By creating a more professionalised and autonomous revenue body, the NRS is positioned to replicate successes observed in other jurisdictions where similar reforms produced measurable gains in compliance and revenue yield.[62]

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[60] E Ataro, ‗Digitalisation and Tax Compliance in Kenya: Lessons for Africa‘ (2020) 12(2) *African Tax Administration Review* 76.
[61] O Aguda, ‗The Perils of Institutional Overhaul in Nigerian Public Administration‘ (2023) 9(3) *Nigerian Journal of Administrative Law* 64.
[62] C Alleyne and C Andrews, (n 19).

Second, the Act strengthens transparency and accountability mechanisms in tax governance. The establishment of a Tax Ombudsman, coupled with mandatory digital compliance systems, reflects a deliberate effort to embed taxpayer rights within the administrative framework. These innovations suggest a move away from revenue-centric enforcement towards a more balanced model that recognises the reciprocal obligations of the state and taxpayers.[63] If effectively implemented, these provisions could reduce incidences of arbitrariness, increase trust in tax institutions, and improve Nigeria's ranking in international ease of doing business indicators.

Third, the Act has implications for Nigeria's broader fiscal governance and its integration into global tax norms. By aligning administrative practices with international standards such as those of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), Nigeria positions itself to address challenges of digital economy taxation and multinational profit shifting.[64] This could significantly enhance Nigeria's capacity to safeguard its tax base in an increasingly globalised economy.

However, these positive implications must be balanced against potential challenges. Centralising enforcement powers in the NRS raises constitutional and institutional concerns, particularly regarding the separation of powers in relation to prosecutorial authority.[65] In addition, the digitalisation of tax administration, while commendable, risks excluding vulnerable taxpayers lacking access to reliable infrastructure or digital literacy. Without adequate safeguards, the reform could inadvertently widen existing inequalities in compliance burdens.

Overall, the establishment of the NRS represents not only an institutional reform but also a transformative reconfiguration of the relationship between the Nigerian state and its taxpayers. Its success will ultimately depend on political will, institutional capacity, and the government's ability to address structural constraints such as corruption, weak infrastructure, and resistance to change.

4.1 Efficiency in Tax Collection and Monitoring

One of the primary objectives of the NRS Act is to improve efficiency in tax collection. The consolidation of federal tax powers within a single, professionalised body reduces duplication, streamlines processes, and enhances coordination between departments

[63] L Ukaegbu, (n 22).
[64] Organisation for Economic Co-operation and Development (OECD), (n 18).
[65] F Abiola, ‗Tax Enforcement and Constitutional Limits in Nigeria' (2022) 9 *Nigerian Law and Policy Review* 122.

responsible for assessment, collection, and enforcement.[66] By adopting risk-based audits, data analytics, and predictive compliance monitoring, the NRS can more accurately identify non-compliant taxpayers and recover arrears without resorting to blanket enforcement measures.[67]

Moreover, the integration of taxpayer databases enables better tracking of taxpayers across multiple sectors, allowing for real-time monitoring of payments and enhanced revenue forecasting.[68] The efficiency gains are not only administrative but also economic, as timely collection of taxes contributes to improved fiscal planning and resource allocation at both federal and state levels. Comparative experience from Kenya and South Africa demonstrates that efficiency improvements are closely linked to institutional autonomy and the adoption of technology in daily operations.[69]

4.2 Transparency and Accountability

The NRS Act embeds transparency and accountability as central pillars of tax administration. By requiring public reporting of revenue collection, budget allocation, and audit outcomes, the Act seeks to build taxpayer confidence and reduce perceptions of corruption that have historically undermined compliance.[70]

The creation of the Tax Ombudsman further enhances accountability by providing an independent mechanism for addressing administrative grievances. This dual system internal oversight through the Governing Board and external redress via the Ombudsman establishes a checks-and-balances framework designed to prevent abuse of power while ensuring that the Service remains responsive to taxpayers' concerns.[71]

4.3 Relationship with States and Internal Revenue Services

The NRS Act recognises the need for cooperative federalism in tax administration. Historically, conflicts between the FIRS and State Internal Revenue Services (SIRS) have hindered revenue mobilisation and led to overlapping assessments, litigation, and administrative delays.[72]

66 NRS Act 2025, s 4.
67 Organisation for Economic Co-operation and Development (OECD), (n 43).
68 Ibid.
69 E Ataro, (n 60).
70 NRS Act 2025, s 20; J Tilley, (n 41).
71 Ibid.
72 A Adebayo, *Tax Reform and Governance in Nigeria* (Lagos: Malthouse Press, 2024) 119.

The NRS is empowered to facilitate coordination with state revenue authorities, harmonise tax policies, and create frameworks for revenue sharing where applicable. By promoting intergovernmental cooperation, the Act seeks to reduce disputes, minimise double taxation, and enhance compliance among multi-jurisdictional taxpayers.[73] Effective implementation of this provision will require clear guidelines, frequent stakeholder consultations, and a mechanism for resolving conflicts in a timely and transparent manner.

4.4 Digitalisation and E-Filing

A critical innovation of the NRS is the integration of digital technology into tax administration. E-filing, e-invoicing, and centralised databases are not mere technical upgrades; they represent a strategic move to reduce human discretion, minimise errors, and curb corruption.[74] Digital platforms also facilitate automatic computation of tax liabilities, prompt issuance of notices, and secure electronic payment, thereby reducing opportunities for evasion and administrative bottlenecks.[75]

The Nigerian approach mirrors the iTax system in Kenya and eFiling in South Africa, where digital platforms have significantly improved compliance rates and reduced operational costs.[76] However, the success of digitalisation hinges on adequate infrastructure, cybersecurity measures, and taxpayer education campaigns to ensure inclusivity, particularly for SMEs and taxpayers in rural areas.[77] The Act‘s emphasis on technological adoption underscores a recognition that modern tax administration must combine efficiency, transparency, and accessibility to achieve its revenue and governance objectives.

5. Implications for Taxpayer Rights

The Nigeria Revenue Service Establishment Act 2025 (NRS Act) not only reorganises the administrative architecture of federal taxation but also places significant emphasis on safeguarding taxpayer rights. This reflects an understanding that effective revenue mobilisation must be balanced with fairness, due process, and protection against administrative abuse. The Nigerian courts have also reinforced the requirement that tax administration must comply with constitutional and procedural safeguards. In *Federal*

[73] NRS Act 2025, s 12.
[74] NRS Act 2025, s 18.
[75] A Oyelade, (n 53).
[76] South African Revenue Service, (n 55); Kenya Revenue Authority, (n 56).
[77] J Odhiambo, ‗Cybersecurity and Taxpayer Protection in Kenya‘s Digital Economy‘ (2022) 8(1) *East African Law Journal* 55.

Inland Revenue Service v Mobil Oil Nigeria Plc, the Court of Appeal held that tax authorities must act strictly within the limits of their enabling statute and cannot impose liabilities outside statutory authority.[78] Similarly, in administrative law jurisprudence, courts have consistently invalidated ultra vires actions of public authorities where procedural fairness is absent.

5.1 Access to Fair Hearing: Tax Appeal Tribunal Reforms

A central innovation under the NRS Act is the reform of the Tax Appeal Tribunal (TAT). Historically, delays, cumbersome procedures, and limited access hindered taxpayers' ability to contest assessments or administrative decisions by the FIRS.[79] The NRS Act addresses these concerns by streamlining procedural rules, introducing mandatory timelines for hearings, and allowing virtual participation, which mitigates geographic and logistical barriers.[80]

The reform aligns with the principle of natural justice, ensuring that taxpayers are granted a fair opportunity to present their case before an independent tribunal. Comparative experience shows that South Africa's and Kenya's tax adjudication reforms, which emphasise specialised, efficient, and technology-enabled tribunals, have enhanced taxpayer confidence and reduced litigation costs.[81] In Nigeria, the effective implementation of TAT reforms can reduce the backlog of disputes, ensure prompt resolution, and reinforce the legitimacy of the NRS as a fair and professional institution.

5.2 Protection against Arbitrary Assessments

The NRS Act explicitly recognises the right of taxpayers to protection from arbitrary or excessive assessments. By codifying taxpayer rights and establishing the Office of the Tax Ombudsman, the Act provides mechanisms for oversight and redress in cases of abuse or administrative overreach.[82]

Arbitrary assessments were a recurring grievance under the FIRS, often arising from inconsistent application of tax laws, inadequate documentation, or discretionary powers exercised without sufficient checks.[83] The Act limits such risks by mandating standardised procedures, evidence-based assessments, and internal review processes before finalising

[78] *Federal Inland Revenue Service v Mobil Oil Nigeria Plc* (2019) LPELR-47558(CA).
[79] A Adebayo, (n 72).
[80] NRS Act 2025, s 28.
[81] M Maples, (n 59); Kenya Revenue Authority, (n 56).
[82] NRS Act 2025, ss 20–22.
[83] J Tilley, (n 41).

liabilities. Additionally, statutory provisions require transparency in notice issuance, ensuring that taxpayers understand the basis of their assessments and have the opportunity to seek clarification or challenge errors.[84]

5.3 Balancing Revenue Drive with Taxpayer Protection

While the NRS is tasked with maximising revenue collection, the Act underscores the need to balance fiscal objectives with the protection of taxpayer rights.[85] Aggressive enforcement without safeguards can erode public trust, increase non-compliance, and trigger litigation, ultimately undermining the revenue base.

The Act therefore establishes a framework in which revenue collection and taxpayer protection are mutually reinforcing rather than mutually exclusive. For instance, digitalisation of records and e-filing reduces opportunities for corruption and arbitrary intervention while simultaneously improving service delivery for taxpayers.[86] Similarly, clear procedural rules, Ombudsman oversight, and judicial recourse ensure that taxpayers are treated fairly, which encourages voluntary compliance a cornerstone of sustainable tax administration.[87]

5.4 Practical Implications and Challenges

Despite these advances, challenges remain. The independence of the Tax Ombudsman is partly constrained by administrative attachment to the NRS, raising questions about impartiality.[88] Additionally, while digitalisation facilitates transparency, limited digital literacy and infrastructural deficits among small businesses and rural taxpayers may inadvertently restrict access to rights protections.[89] Effective taxpayer education, continuous training of NRS personnel, and adequate funding are therefore critical to realising the full potential of the reforms.

6. Comparative Lessons

Comparative study is essential in evaluating Nigeria‘s new revenue administration framework. Several African jurisdictions have undertaken ambitious tax reforms in recent

[84] NRS Act 2025, s 22.
[85] Ibid, ss 2, 4.
[86] A Oyelade, (n 53).
[87] OECD, (n 43).
[88] NRS Act 2025, s 20.
[89] J Odhiambo, (n 77).

years, and their experiences provide useful insights into both the potential and pitfalls of Nigeria‘s trajectory.

6.1 South Africa: SARS and the Office of the Tax Ombud

The South African Revenue Service (SARS), established in 1997, is widely regarded as a benchmark for tax administration on the continent. SARS enjoys a high degree of institutional autonomy, with a dedicated Commissioner and clearly defined accountability mechanisms. Of particular relevance to Nigeria is the creation of the Office of the Tax Ombud in 2014, an independent body mandated to investigate service, procedural, and administrative complaints lodged by taxpayers.[90]

Nigeria‘s NRS Act 2025 mirrors this model through its provision for a Tax Ombudsman. However, South Africa‘s experience demonstrates that such an institution must be not only legally independent but also practically insulated from executive interference. In the early years, resource constraints limited the Ombud‘s effectiveness, but subsequent budgetary and statutory strengthening improved its credibility. Nigeria must learn from this gradual evolution and avoid underfunding its Ombudsman office, as under-resourcing could render it symbolic rather than effective.

6.2 Kenya: iTax and Digital Transformation

Kenya‘s tax reform is best exemplified by the Kenya Revenue Authority‘s (KRA) adoption of the iTax platform, an integrated digital system that enables taxpayers to register, file, and pay taxes online.[91] The introduction of iTax in 2013 significantly reduced compliance costs, improved transparency, and expanded the tax net by integrating informal sector taxpayers through mobile money systems such as M-Pesa.

Nigeria‘s NRS Act promotes digitalisation through a Directorate of Digital Taxation. Kenya‘s experience shows that digital platforms need strong cybersecurity and comprehensive taxpayer education to avoid excluding SMEs and rural taxpayers. For Nigeria, the challenge is ensuring technology-driven efficiency while maintaining inclusivity and preventing digitalisation from widening compliance gaps.

[90] M Maples, (n 59).
[91] Kenya Revenue Authority, (n 56).

6.3 Ghana: Consolidation and Institutional Integration

Ghana presents a different model through the Ghana Revenue Authority (GRA), established in 2009 by merging three separate agencies. The Internal Revenue Service, the Value Added Tax Service, and the Customs, Excise and Preventive Service. The consolidation aimed to reduce duplication, improve efficiency, and create a unified point of contact for taxpayers.[92]

While Ghana's GRA streamlined administration, it centralized power with limited oversight. The Nigerian NRS Act integrates multiple functions, but efficiency must be balanced with transparency. Strong accountability through parliamentary oversight and independent audits is essential to prevent abuse and ensure effective operation.

S/N	**Feature**	**South Africa (SARS)**	**Kenya (KRA)**	**Ghana (GRA)**	**Implications for Nigeria**
1.	Operational Autonomy	High; independent Tax Ombud	Moderate; Ministerial oversight	Moderate; centralized	NRS should have functional independence with accountability
2	Digitalisation	eFiling, risk-based auditing	iTax, mobile money integration	Limited; gradual online adoption	NRS should ensure robust, secure digital infrastructure
3	Taxpayer Protection	Independent Ombud; clear complaint mechanisms	Online guidance; outreach programs	Ombud & Tribunal with statutory timelines	NRS Ombud and TAT reforms must be effective and independent
4	Capacity Building	Professional training; international exposure	Staff training & SME outreach	Staff development; audit capacity	Invest in human capacity, certifications, and secondments
5	Compliance Monitoring	Real-time audits; automated risk scoring	Automated alerts; compliance scoring	Manual + digital integration	Adopt risk-based assessment, leverage data analytics

6.5 Synthesis of Comparative Lessons

Taken together, these insights show Nigeria's reforms are promising but depend on effective implementation. From South Africa, Nigeria must resource and protect the Tax Ombudsman;

[92] Revenue Administration Act 2009 (Ghana), ss 15–22; J Tilley, (n 41).

from Kenya, prioritise digital access and inclusion; and from Ghana, balance centralisation with accountability. Ultimately, beyond institutional design, political will, adequate funding, risk-based audits, cybersecurity, capacity building, and independent oversight will determine the NRS‘s credibility and effectiveness.[93]

7. Challenges and Criticisms

While the Nigeria Revenue Service Establishment Act 2025 (NRS Act) marks a major reform in federal tax administration, its ambitious goals face challenges and potential criticisms. Acknowledging these limitations is essential to understanding implementation realities and institutional constraints that may hinder achieving the reform‘s objectives.

7.1 Institutional Bottlenecks

The consolidation of federal tax powers within the NRS, while intended to enhance efficiency, may inadvertently create institutional bottlenecks. Centralising assessment, collection, enforcement, and dispute resolution in a single body can increase administrative workload and pressure on the Service‘s resources.[94] Without adequate staffing, clearly defined workflows, and interdepartmental coordination, decision-making may be slowed, leading to delays in assessments, audits, and taxpayer responses.[95]

Effective coordination among multiple directorates from Digital Taxation to Policy Advisory is essential, as poor inter-directorate integration can undermine efficiency and transparency, reflecting challenges seen in other jurisdictions during rapid institutional reforms.[96]

7.2 Risk of Political Interference

Despite the statutory emphasis on operational independence, the NRS remains susceptible to political influence, primarily through the presidential appointment of the Executive Chairman and the composition of the Governing Board.[97] Historical experience under the

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[93] A Oyelade, (n 53).
[94] A Adebayo, (n 72).
[95] OECD, (n 43).
[96] C Croome and R Olivier, *Tax Administration* (Cape Town: Juta, 2015) 47.
[97] NRS Act 2025, ss 3, 6.

FIRS demonstrates that political pressures can compromise enforcement priorities, skew audit selections, and erode taxpayer confidence.[98]

Resource allocation and revenue prioritisation may reflect political motives, highlighting the need for parliamentary oversight, transparent reporting, and civil society engagement to ensure the NRS remains neutral, professional, and accountable.[99]

7.3 Capacity Constraints

Effective implementation of the NRS Act depends heavily on the human, technical, and financial capacity of the Service. Training tax officials in modern compliance techniques, digital auditing, and taxpayer engagement is critical to realising the efficiency and transparency goals of the Act.[100]

Capacity constraints also extend to digital infrastructure. While e-filing, e-invoicing, and centralised databases are mandated, the lack of nationwide broadband access, cybersecurity vulnerabilities, and limited digital literacy among taxpayers may hinder adoption and reduce the effectiveness of technological solutions.[101] Additionally, insufficient funding for investigative units, dispute resolution mechanisms, and taxpayer education programs could constrain the Service‘s ability to operate effectively.[102]

7.4 Constitutional Questions

The NRS Act raises potential constitutional questions, particularly in areas of federal-state tax relations. While the Act empowers the NRS to coordinate with State Internal Revenue Services (SIRS), ambiguities remain regarding the precise limits of federal authority, jurisdictional overlaps, and the settlement of intergovernmental disputes.[103]

Furthermore, the Act‘s consolidation of powers may attract judicial scrutiny concerning the separation of powers, procedural fairness, and the protection of fundamental rights. For instance, the extensive investigative and enforcement powers conferred on the NRS must be exercised in a manner consistent with constitutional safeguards against arbitrary state action.[104] Ultimately, the legitimacy of the Nigeria Revenue Service Establishment Act

[98] Ibid; O Aguda, (n 61).
[99] A Oyelade, (n 53).
[100] NRS Act 2025, s 18.
[101] J Odhiambo, (n 77).
[102] OECD (n 43) 53.
[103] Constitution of the Federal Republic of Nigeria 1999 (as altered), ss 4, 162; NRS Act 2025, s 12.
[104] A Tilley, ‗Constitutional Limits on Tax Enforcement in Africa' (2020) 14(2) *Journal of African Law* 201.

2025 depends not only on its institutional design but also on its conformity with constitutional principles of accountability, fairness, and legality. As administrative law jurisprudence makes clear, efficiency in governance cannot override the requirement of legality and due process.[105]

8. Conclusion and Recommendations

The Nigeria Revenue Service Establishment Act 2025 marks a major shift in Nigeria‘s tax administration. By repealing the 2007 Act and creating a professional, digitally enabled, and rights-conscious NRS, it aims to resolve persistent inefficiencies, opacity, and taxpayer grievances.[106]

This article identifies key findings. First, the Act strengthens federal tax administration by enhancing professional competence, operational autonomy, and intergovernmental coordination. Second, establishing the Tax Ombudsman and reforming the Tax Appeal Tribunal institutionalise fairness, accountability, and taxpayer protection, aligning Nigeria with global best practices in rights-based tax governance.[107] Third, the Act‘s emphasis on digitalization through e-filing, e-invoicing, and centralised databases aims to reduce discretion, enhance efficiency, and expand the tax base. However, the analysis also highlights potential challenges, including institutional bottlenecks, political interference, capacity limitations, and constitutional ambiguities.[108] Addressing these challenges demands deliberate implementation, sustained capacity building, legal clarity, and strong oversight. Lessons from South Africa, Kenya, and other African jurisdictions show that effective tax administration thrives when efficiency, transparency, and taxpayer rights reinforce rather than compete with one another.[109]

The NRS Act‘s success depends on balanced implementation that strengthens revenue mobilisation while protecting taxpayer rights. Beyond legislation, policymakers must ensure legal clarity, build institutional capacity, safeguard operational independence, and promote taxpayer education to secure lasting improvements in Nigeria‘s fiscal governance.[110] By doing so, Nigeria can establish a credible, accountable, and effective tax

[105] *Council of Civil Service Unions v Minister for the Civil Service* [1985] AC 374 (HL) (principle of legality in administrative action).
[106] NRS Act 2025, ss 2–4; A Adebayo, (n 69).
[107] Ibid, ss 20–28; J Tilley, (n 41).
[108] NRS Act 2025, ss 12, 18, 20; O Aguda, (n 61).
[109] E Ataro, (n 60); South African Revenue Service, (n 55).
[110] NRS Act 2025, ss 2–4, 20; OECD, (n 64).

system that strengthens the social contract between the state and citizens, while promoting economic development and sustaining public trust.

Thus, this article recommends the following:

Legal Reforms for Clarity

Despite the NRS Act's ambitious scope, certain provisions remain ambiguous or overlapping, particularly regarding the delineation of powers between the NRS and State Internal Revenue Services (SIRS).[111] To minimise conflicts and litigation, the government should enact supplementary laws or amendments clarifying federal and state authority, tax assessment criteria, and dispute resolution procedures. Codifying rules for the Tax Appeal Tribunal and Tax Ombudsman will strengthen due process and inform taxpayers of their rights. Experiences from South Africa and Kenya show that clear statutory mandates reduce discretion, limit abuse, and boost taxpayer confidence.[112]

Capacity Building for Tax Officials

Effective implementation of the NRS Act requires ongoing human capacity development. Tax officials need training in modern compliance, digital administration, forensic auditing, and dispute resolution. Professional development, certifications, and international secondments can strengthen technical skills and ethics. Capacity building should also target management and leadership, equipping senior officials in strategic planning, intergovernmental coordination, and stakeholder engagement. A well-trained workforce is crucial to translating reform into improved efficiency and taxpayer satisfaction.[113]

Ensuring Independence of the NRS

Operational independence is critical for credibility and effectiveness. While the NRS Act provides a degree of autonomy, the presidential appointment of the Executive Chairman and administrative oversight of the Tax Ombudsman may compromise impartiality.

To safeguard independence, it is recommended that:

[111] Constitution of the Federal Republic of Nigeria 1999 (as altered), ss 4, 162; NRS Act 2025, ss 12, 28.
[112] M Maples, (n 59); Kenya Revenue Authority, (n 56).
[113] OECD, (n 43).

a. The NRS Governing Board‘s composition be reviewed to include non-partisan experts and representatives of civil society.
b. Budgetary allocations for the NRS and the Ombudsman be made directly by Parliament, reducing reliance on executive discretion.
c. Oversight mechanisms, such as mandatory annual reports and external audits, be institutionalised to ensure accountability without eroding autonomy.[114]

Strengthening Taxpayer Education

The success of the NRS Act is closely linked to taxpayer awareness and voluntary compliance. Digitalisation, while efficient, may exclude taxpayers lacking digital literacy or access to infrastructure.

It is therefore essential to implement a comprehensive taxpayer education program that:

a. Explains taxpayer rights and obligations in clear, accessible language.
b. Provides guidance on e-filing, e-invoicing, and dispute resolution mechanisms.
c. Targets SMEs, rural communities, and vulnerable groups through outreach campaigns, workshops, and partnerships with professional associations.[115]

Experience from Kenya‘s iTax and South Africa‘s SARS demonstrates that taxpayer education enhances voluntary compliance, reduces disputes, and strengthens public trust in the tax system.[116]

[114] J Tilley, (n 41).
[115] E Ataro, (n 60).
[116] South African Revenue Service, (n 55).