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Editorial

This issue of *NIU Journal of Legal Studies* touches on the Issues such as Justice for Victims of Medical Malpractice, Tax Laws, Environmental and Socioeconomic Rights and so on.

One of the papers, in this edition, reveals that the present financial architecture for medical malpractice litigation in Nigeria is inadequate and constitutes significant barrier to access to justice and recommends a combination of legislative and policy reforms such as compulsory malpractice insurance, establishment of statutory compensation fund and regulated third-party funding.

Another paper argues that Nigeria is transitioning from a permissive tax planning regime to a rules-based and substance-oriented system, inspired by Base Erosion and Profit Shifting (BEPS) principles, through doctrinal and comparative analysis with these countries and the OECD frameworks. The paper therefore, concludes that it is inevitable for corporate taxpayers to avoid aggressive tax planning and embrace sustainable tax compliance.

In sum, this issue of *NIU Journal of Legal Studies* features many empirical and theoretical based articles which can be of great benefit to every reader.

Professor Oyetola O. Oniwide

Nexus International University,
P.O. Box 70773,
Kampala, Uganda.

editor@niu-journals.ac.ug

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A Critical Analysis of Corporate Tax Planning Under the Nigeria Tax Act, 2025: Doctrinal, Judicial, and Comparative Perspectives

BAMIDELE OLASEHINDE ADEBAYO
Redeemer's University, Ede, Osun State, Nigeria

Abstract. The passing of the Nigeria Tax Act (NTA) 2025 marks a historic development in Nigeria's tax regime with an overhaul of disparate and overlapping tax statutes into one cohesive framework that also incorporates many globally accepted anti-avoidance provisions. This paper critically examines the legal framework of corporate tax planning in Nigeria, distinguishing between acceptable tax avoidance and unacceptable tax evasion, while probing into the extent to which aggressive tax planning is restricted by the NTA 2025. Within the larger context of international tax governance, the paper explains how corporate tax planning methods have been restructured under the NTA 2025. It uses a doctrinal and comparative approach, incorporating ideas from the United States, the United Kingdom, and the Base Erosion and Profit Shifting (BEPS) programmes of the Organisation for Economic Cooperation and Development (OECD). The paper argues that Nigeria is transitioning from a permissive tax planning regime to a rules-based and substance-oriented system, inspired by Base Erosion and Profit Shifting (BEPS) principles, through doctrinal and comparative analysis with these countries and the OECD frameworks. The paper further contends that while the NTA 2025 contains measures to mitigate aggressive tax planning and promote transparency, the success of these provisions depends on the enforcement capacity and institutional coherence regarding corporate governance. Accordingly, the paper concludes that it is inevitable for corporate taxpayers to avoid aggressive tax planning and embrace sustainable tax compliance.

Keywords: Corporate Tax Planning, Nigeria Tax Act 2025, Critical Analysis, Tax Avoidance, Tax Evasion.

1. Introduction

The enactment of the Nigeria Tax Act 2025 (NTA), with January 1 2026 effective date, symbolises a paradigmatic shift in Nigeria's corporate taxation framework, harmonising multiple tax regimes into a unified system and embedding anti-avoidance norms aligned with global standards.⁴⁰⁷ The reforms aim to enhance revenue mobilisation, curb base erosion,⁴⁰⁸ and modernise tax administration. However, these reforms fundamentally alter the architecture within which corporate tax planning operates. Conventional strategies—particularly those exploiting gaps between domestic law and international tax rules—are increasingly constrained by anti-avoidance doctrines, economic substance requirements, and global minimum tax rules.

Corporate tax planning in Nigeria has historically been characterised by aggressive minimisation strategies, often exploiting legislative gaps and administrative inefficiencies, as well as judicial inconsistencies. The NTA 2025 is a radical shift from opaque and overlapping provisions towards a more transparent regime, anti-avoidance, and alignment with global best practices. This paper examines how corporate entities can restructure tax planning strategies under the new regime, drawing comparative lessons from the United Kingdom and the OECD/BEPS frameworks.⁴⁰⁹

¹ Nigeria Tax Act 2025, s. 1.

⁴⁰⁸ Base erosion occurs when profits that should be taxed in one country are artificially transferred elsewhere, so that the country where the economic activity actually occurred collects less tax revenue.

⁴⁰⁹ See the OECD/G20 BEPS Inclusive Framework in Tax Policy Reforms 2025.

Tax planning under the NTA 2025 refers to the lawful arrangement of a taxpayer's financial affairs to minimise tax liability while complying fully with the law. Under the new Act, tax planning has become more structured, transparent, and aligned with global standards. Tax planning, broadly defined as the lawful arrangement of financial affairs to minimise tax liability, occupies a central role in modern fiscal systems. In Nigeria, historical fragmentation of tax laws enabled aggressive tax practices, including profit shifting, thin capitalisation, and opacity in financial disclosures.

The consolidation of multiple tax statutes into a single framework, the expansion of anti-avoidance provisions, the introduction of minimum effective tax rules, and digital taxation mechanisms have radically transformed corporate tax planning from a fragmented, loophole-prone system to a modern, globally aligned tax regime. By embedding the OECD/BEPS principles, introducing minimum tax rules, and expanding anti-avoidance mechanisms, the Act significantly constrains aggressive tax planning strategies and aligns Nigeria with international tax norms. These innovations raise a fundamental question: To what extent does the NTA 2025 redefine the boundaries of permissible tax planning? While answering this question, this paper will also juxtapose Nigerian tax laws with some other jurisdictions, as well as consider the doctrinal and judicial perspectives of tax planning law.

2. Conceptual Framework: Tax Planning vs Tax Avoidance vs Tax Evasion

2.1 Tax Planning, Tax Avoidance and Tax Evasion

Generally, tax planning involves taking advantage of allowable deductions, reliefs, tax holidays, and other incentives in tax law to pay the least tax possible. It is the structuring of transactions efficiently, timing income and expenses legally, and ensuring compliance to avoid penalties. Under the NTA 2025, tax planning is more compliance-driven and transparent, unlike older regimes where loopholes encouraged aggressive tax avoidance. Tax planning refers to the legitimate

structuring of transactions to reduce tax liability within the law.

According to studies on the subject, "tax avoidance" refers to any legitimate tax planning technique used by businesses to reduce their taxable profit.⁴¹⁰ Conversely, any tax planning strategy employed by taxpayers to lower their tax liability from their source of income in a manner that is against the law is known as tax evasion.⁴¹¹ Harvey⁴¹² defines tax planning as formulating plans to reduce tax liabilities during the tax year, such as selecting the most advantageous tax filing status for the taxpayer. One way to attain this tax planning position is to defer selling an asset until the following year to realise capital gains. Making an investment choice based on a company's estimated revenue as well as its present and future tax obligations is another strategy of tax planning.

A company's income tax basis and revenues have been impacted by how tax planning adapts to changes in tax law. This argument is supported by a combination of tax avoidance, evasion, and tactics, such as overstating tax deductions or underreporting taxable income. One of the means of achieving this, for example, is to treat non-deductible expenses as if they are deductible, thereby reducing chargeable profit and, by so doing, reducing tax payable. Tax planning techniques are generally legal, although some people may use them to evade taxes by understating their taxable income or overstating their deductions.⁴¹³

Tax planning has been defined in many ways, one of which is "the capacity of the taxpayer to arrange his financial activities in a way that will minimise his expenditure for taxes."⁴¹⁴ Jeff Pniowsky⁴¹⁵ defined it as "the process of arranging one's affairs to defer, reduce or even eliminate the amount of taxes payable to the government." The best way to lower tax liabilities while staying within the boundaries of the tax law has likewise been determined to be tax planning. This is made possible by the various tax benefits offered by the tax laws and the varying tax

⁴¹⁰ A Sanni, 'The Multiplicity of Taxes in Nigeria. Issues, Problems, and Solutions' [2012] IJBSS 3 (17) 3-4.

⁴¹¹ A Sanni, *Ibid.*

⁴¹² CR Harvey, "Tax planning" <[http://financialdictionary.thefreedictionary.com/Tax Plan](http://financialdictionary.thefreedictionary.com/Tax+Plan)> accessed 4 July 2025.

⁴¹³ D Bruce et al, 'On the extent, growth, and Efficiency Consequences of State Business Tax Planning' in AJ Auerbach et al, (eds.), *Taxing Corporate Income in the*

21st Century. (Cambridge, United Kingdom: Cambridge University Press, 2007) 226-256.

⁴¹⁴ WH Hoffman, 'The Theory of Tax Planning' [1961] TAR 36 (2), 274.

⁴¹⁵ J Pniowsky, 'Aggressive tax planning-How aggressive is too aggressive?' (Thompson Dorfman Sweatman LLP, 3, 2010) 1. <http://www.tdslaw.com/newsletter/2010/Oct/articles/aggressive_tax_planning.pdf> accessed 18 June 2023.

rates across different economic sectors and jurisdictions.⁴¹⁶

In his submission, Hoffman⁴¹⁷ argued that it is essential to distinguish between tax avoidance and tax evasion to comprehend tax planning principles. Failure to do so may result in the discrediting of permissible tax planning, which could have major legal ramifications (such as fines arising from a taxpayer's ignorance of any legal component of tax planning). Thus, it can be said that the phrases "legal" and "illegal" are essential for defining the differences between tax avoidance and tax evasion."⁴¹⁸

The legal use of the tax law to one's benefit in order to lawfully reduce the amount of tax owed through legal means is known as tax planning, sometimes known as tax avoidance. To borrow from Wheatcraft's aphorism, it is the art of dodging tax without breaking the law, or alternatively, the right of every citizen to arrange one's affairs in a manner allowed by the law or to pay no more than what is required.⁴¹⁹

A distinction between tax avoidance and tax mitigation can also be drawn in jurisdictions like the United Kingdom and New Zealand. Tax avoidance is a set of business transactions designed to oppose or defeat the evident intention of the parliament. Tax mitigation, otherwise called tax planning, on the other hand, are transactions that reduce tax liabilities without avoidance. This conduct aligns with the intention of the legislature. Such conduct includes gifts to charity or investments in certain assets or industries that qualify for tax relief.

The clear understanding of the distinction between avoidance and mitigation goes back to the 1970s. It was an innovation drawn from the case of *IRC v Challenge Corporation Ltd*,⁴²⁰ a New Zealand case. The case is a leading decision from the House of Lords on the application of double taxation treaties, particularly focusing on the interpretation of tax treaties and the issue of relief from double taxation. The facts of the case were that Challenge Corporation Ltd was a New Zealand company that paid dividends to a UK-resident shareholder.

⁴¹⁶ L Fallan, et al, 'Adoption of Tax Planning Instruments in Business Organizations: A Structural Equation Modelling Approach' [1995] *SJM* 11(2), 177-190.

⁴¹⁷ WF Hoffman, Op. cit.

⁴¹⁸ NS Abdul Wahab, *Tax planning and corporate governance: Effects on shareholders valuation*. (Thesis for the degree of Doctor of Philosophy, University of Southampton, Southampton UK, 2010) from <<http://eprints.soton.ac.uk/>> accessed 5 November 2025.

⁴¹⁹ O Oguntokun: 'Global Perspectives in Tax Evasion and Avoidance: The Legal Quagmire in Nigeria,' in

Under the UK-New Zealand double taxation agreement, there were provisions regarding relief from double taxation on income, such as dividends. The issue arose as to how much credit (relief) the UK shareholder could claim for tax paid in New Zealand, especially in relation to the underlying corporate tax paid by Challenge Corp in New Zealand. The House of Lords held that the UK taxpayer was not entitled to a tax credit for the underlying New Zealand corporate tax paid by Challenge Corp, because the company (not the shareholder) paid that tax, and the treaty did not explicitly provide for crediting such tax. The ruling clarified that double tax relief is strictly based on the wording of the treaty. This author agrees with the UK tax authorities (IRC) in denying credit for tax paid by the New Zealand company because relief provisions must be clearly expressed. Also, there is no general right to credit for foreign tax unless the treaty expressly allows it.

In practice, there is a very thin line of distinction between tax avoidance and tax evasion. The main factors to consider when deciding if a particular conduct is avoidance or mitigation include whether a particular tax regime is applicable, or whether transactions have economic consequences or importance.

Another approach in differentiating tax avoidance and tax mitigation is to seek the identification of 'the spirit of the statute' or 'misusing' a provision. However, this is the same as the "evident intention of parliament" adequately understood. Another approach is to seek 'artificial' transactions. However, a transaction cannot be described as 'artificial' if it has valid legal circumstances unless some standards can be set up to establish what is 'natural' for the purpose. It must be noted that part of the reasons for high tax avoidance can be traced to the multiplicity of taxes in Nigeria,⁴²¹ which the NTA 2025 has come to correct by consolidating these fragmented laws into a unified Act.⁴²²

(*KWAREVE News*, a monthly publication of Kwara State Internal Revenue Service, 3 (21), August 2017) 7.

⁴²⁰[1986] NZPC 1; [1986] UKPC 45; [1987] AC 155; [1986] 2 NZLR 513; [1987] 2 WLR 24; (1986) 10 TRNZ 161 is a prominent case in New Zealand tax law regarding tax avoidance.

⁴²¹ A Sanni, 'The Multiplicity of Taxes in Nigeria. Issues, Problems, and Solutions' [2012] *IJBSS* 3 (17) 3-4.

⁴²² See generally, Nigeria Tax Act 2025, section 1 which states that "The objective of this Act is to provide a unified fiscal legislation governing taxation in Nigeria."

In all, tax avoidance occurs when a person undertakes transactions that align with the letter of the law but violate the spirit and intent of the law. On the other hand, tax evasion is used to describe efforts by individuals, firms, trusts, and other entities to illegally reduce tax liabilities or fail to pay tax as and when due or refuse to pay tax at all.

Tax evasion involves deliberately misrepresenting or concealing the true state of affairs by the taxpayers to the tax authorities to reduce tax liability. Such misrepresentation includes but is not limited to dishonesty in reporting tax (such as declaring less income, profits, or gains than usually earned or overstating deductions). It may also extend to outright failure or refusal to pay tax, or failure to pay tax as and when due.⁴²³

Tax evasion is a crime in most countries, including Nigeria, and subjects the guilty party to fines, imprisonment, or both. Tax aggressiveness is a behaviour of manipulating taxable income that can lead to tax evasion.⁴²⁴ Tax aggressiveness can also be defined as a deliberate act by taxpayers who adopt aggressive or borderline positions to minimise their tax liabilities in breach of current tax regulations. Thus, it can be concluded that tax avoidance is an activity or action that reduces the amount of tax payments.

2.2 Tax Planning vs Tax Avoidance: From Strict Interpretation to Purposive Interpretation

Corporate tax planning traditionally refers to the lawful arrangement of affairs to minimise tax liability. The difference between legitimate tax planning and impermissible avoidance has been framed by judicial doctrines. In *IRC v Duke of Westminster*,⁴²⁵ the House of Lords affirmed the taxpayer's right to arrange affairs to reduce tax liability. However, modern jurisprudence has shifted towards a purposive interpretation. In *WT Ramsay Ltd v IRC*,⁴²⁶ the UK courts rejected artificial tax schemes lacking commercial substance, establishing the *Ramsay principle*, which allows courts to disregard composite transactions designed solely for tax avoidance. Similarly, Nigerian courts have increasingly embraced

purposive interpretation, though not yet as robustly institutionalised as in the UK.

3. Legal Framework of Tax Planning under the NTA 2025

The NTA 2025 introduces several key reforms, especially regarding tax planning. These include the General Anti-Avoidance Rules (GAAR),⁴²⁷ Enhanced transfer pricing regulations,⁴²⁸ Mandatory disclosure of aggressive tax arrangements, Digital tax compliance mechanisms,⁴²⁹ and strengthened penalties for non-compliance. These provisions signal a move towards aligning Nigeria's tax system with international standards. The legal framework of tax planning under the NTA 2025 refers to the body of statutory rules, administrative structures, and guiding principles that regulate how taxpayers may legally minimise their tax liabilities while complying with the law. The framework is broader than a single statute—it is built around the NTA 2025 and supporting tax reform laws.

3.1 Consolidation and Harmonisation

The NTA 2025 consolidates multiple tax laws into a single unified framework and simplifies tax structure by reducing multiplicity of taxes.⁴³⁰ It expands deductions, incentives, and taxable scope.⁴³¹ It also introduces digital taxation and aligns with global standards (e.g., OECD BEPS). This means tax planning is now easier to understand, more regulated, and less prone to abuse.

The harmonisation of multiple tax laws into a unified statute has reduced duplication and regulatory arbitrage. This limits planning strategies previously based on jurisdictional inconsistencies and overlapping tax regimes.

3.2 Anti-Avoidance Provisions

The Nigeria Tax Act 2025 introduces a plethora of anti-avoidance mechanisms, including:

Minimum Effective Tax Rate (ETR)

⁴²³ A Sanni, "The Multiplicity of Taxes in Nigeria. Issues, Problems, and Solutions" [2012] IJBSS 3 (17) 3-4.

⁴²⁴ <https://risevest.com/blog/differences-between-tax-avoidance-and-tax-evasion> accessed 25 May, 2025.

⁴²⁴ MM Frank et al., 'Tax Reporting Aggressiveness and Its Relation to Aggressive Financial Reporting' [2009] TAR 84 (2) 467-496.

⁴²⁵ [1936] AC 1.

⁴²⁶ [1982] AC 300.

⁴²⁷ Nigeria Tax Act 2025, ss 190-193.

⁴²⁸ Nigeria Tax Act 2025, s 192 (2).

⁴²⁹ Nigeria Tax Act 2025, s 27 (6).

⁴³⁰ Nigeria Tax Act 2025, s 1.

⁴³¹ Nigeria Tax Act, 2025 s 20.

Large multinational enterprises shall meet a minimum tax threshold. The NTA 2025 introduces an ETR of 15% of the net income of a company.⁴³² The Act defines net income as the profits before tax as reported in the Audited Financial Statements (AFS), excluding franked investment income and unrealised gains and losses.⁴³³ This provision applies to companies with turnover exceeding ₦50 billion, and companies that are part of a multinational enterprise (MNE) group with an aggregate turnover of at least €750 million or its equivalent.

This 15% ETR aligns with the OECD Pillar II framework, which mandates a top-up tax to ensure that large multinational groups with a turnover exceeding €750 million or its equivalent pay tax at an ETR of 15% on the income generated in each jurisdiction they operate in. The provision is a significant improvement on the repealed Companies Income Tax Act 2007, as it prevents large multinational companies such as the Nestle Group (of which Nestle Nigeria Plc is a member) from profit shifting. Under the OECD Pillar Two, multinationals must pay a minimum of 15% effective tax globally, and top-up taxes apply where income is undertaxed. This marks the end of “stateless income” planning structures and promises to reduce tax aggressiveness.

(b) Controlled Foreign Company (CFC) Rules and Taxation of Nigerian Companies

The significant changes in this area include:

Introduction of Controlled Foreign Corporation (CFC) Rules: The NTA 2025 introduces CFC rules to counter profit shifting. Where a foreign subsidiary of a Nigerian company retains profits that could have been distributed without adversely affecting its operations, those profits will be deemed distributed and taxed in Nigeria.⁴³⁴ This eliminates the deferral advantage sometimes used in tax planning and strengthens Nigeria’s ability to tax offshore profits that economically belong to Nigerian entities.

Anti-base erosion through minimum Effective Tax Rate (ETR): The NTA 2025 also adopts a top-up tax mechanism aligned with the OECD’s BEPS Pillar 2 framework. Profit shifting to low-tax jurisdictions is neutralised, and the use of tax havens becomes ineffective unless justified by substance. If a foreign subsidiary of a Nigerian company (or a group

member) pays less than the minimum ETR of 15%, the Nigerian parent must pay the shortfall. This provision discourages the use of low-tax jurisdictions for profit shifting and ensures a fairer allocation of taxing rights to Nigeria. These measures enhance the robustness of Nigeria’s tax system by addressing tax avoidance strategies, protecting the domestic tax base, and aligning with international best practices on BEPS.

(c) **Taxation of Non-Resident Persons (NRPs):**⁴³⁵ In determining the total profits, only expenses incurred in producing the profits attributable to the permanent establishment in Nigeria will qualify for deduction. In other words, they should be expenses wholly and exclusively incurred in producing the profits.⁴³⁶ However, no deduction will be allowed in respect of royalty, fees, or similar payments in return for the use of patents or other rights.⁴³⁷ Where the total profits of a Non-Resident Person cannot be ascertained, the Nigeria Revenue Service (NRS) shall apply the applicable profit margin to the total income generated from Nigeria. However, the tax payable by any NRP will not be less than the tax withheld at source.⁴³⁸ If the NRP does not have any income liable to withholding tax, the tax payable shall not be less than 4% of the total income generated from Nigeria.

(d) **Record-keeping:** The NTA 2025 mandates separate record-keeping for priority and non-priority operations, audited independently.⁴³⁹ Taxpayers are required to maintain accurate books of accounts and financial records, retain records for a specified statutory period and provide supporting documentation for deductions, reliefs, and exemptions. Failure to comply will result in all income being treated as non-priority, disqualifying the company from tax credits. It may also result in penalties or additional tax assessments. In addition to annual tax returns, there is a requirement to submit annual tax incentive returns to the relevant tax authority in the form prescribed by the NRS covering income tax and any incentive other than those that are generally available. The implication of this is that proper record keeping will make business transactions transparent, thereby preventing any form of tax shielding, and thereby preventing tax evasion or aggressive tax planning.

(e) **Transitional provisions and anti-avoidance:** The NTA 2025 also prohibits double-dipping as companies granted the Economic Development Tax Credit

⁴³² Nigeria Tax Act, 2025. s 57.

⁴³³ Nigeria Tax Act, 2025. s 202.

⁴³⁴ Nigeria Tax Act, 2025. s 6.

⁴³⁵ See generally, Nigeria Tax Act, 2025. s 6.

⁴³⁶ Nigeria Tax Act, 2025. s 20.

⁴³⁷ See generally, Nigeria Tax Act, 2025. s 21.

⁴³⁸ Nigeria Tax Act, 2025. s 19.

⁴³⁹ See generally, Nigeria Tax Act, 2025. s 179.

(EDTC) are barred from accessing similar incentives under any other law.⁴⁴⁰ However, businesses currently benefiting from the PSI may continue for the remainder of their approved period. Likewise, EDI benefits granted before a sector's sunset date remain valid until expiry.

(f) **Sunset Clause:** The NTA 2025 introduces a "sunset" mechanism setting a definitive end date after which a sector or activity will no longer qualify for EDI, ensuring periodic review and relevance of tax incentives.⁴⁴¹ This is a significant improvement, as the absence of definite timelines under the previous regime led to uncertainty. While the former framework allowed for periodic review and deletion from the PSI list (i.e., manufacture of cement), the processes for these were sometimes unclear. With this clear provision under the NTA 2025, companies can now take advantage of the incentives within the timeframe and thereby reduce tax aggressiveness.

(g) **Rescoping the VAT exempt and Zero-Rated Supplies in Nigeria:** Sections 185 to 187 of the Act outline the items that constitute exempt supplies and taxable supplies chargeable at the rate of zero percent.⁴⁴² The Act also allows for the transfer of unutilised capital allowances, unabsorbed losses, and unutilised withholding tax credits from merging entities to the surviving entity in the event of a merger.⁴⁴³ Unutilised capital allowances shall be available for use by the surviving entity. This is another incentive which companies can utilise in their tax planning strategies.

Incentives and Reliefs: From Tax Holidays to Performance-Driven Incentives

The Act replaces traditional tax holidays with performance-based incentives. This restructures tax planning towards investment-driven strategies and compliance-based optimisation. The Act introduces several tax incentives,⁴⁴⁴ such as income generated by companies engaged in agricultural businesses, including crop production, livestock, aquaculture, forestry, dairy, cocoa processing and manufacturing of animal feeds, will be exempt from income tax for the first five years from commencement of business. A company will be entitled to an additional deduction of

50% in the relevant years of assessment in respect of costs incurred in any two calendar years from 2023 to 2025 with respect to wage awards, salary increases, transportation allowance or transport subsidy granted to a low-income worker which brings the gross remuneration of such worker to an amount not exceeding ₦100,000. However, any award or salary increase to any worker earning above ₦100,000 shall not qualify.⁴⁴⁵

Another ground for additional deduction of 50% is where salaries of any new employees that constitute a net increase in the average number of new employees hired in 2023 and 2024 calendar years over and above the average net employment in the preceding three years, provided that such new employees are not involuntarily disengaged within a period of three years post-employment.⁴⁴⁶ Net employment is defined as the total number of persons employed less the total number of persons disengaged during the calendar year, regardless of whether the disengagement is voluntary or not.⁴⁴⁷

Other incentives include deductions for research and development.⁴⁴⁸ The allowable deduction under Section 165 of the Act has now been adjusted to 5% of a company's turnover for the year. This represents a significant departure from the provision under the repealed CITA, which allowed a deduction of 10% of total profits. The implication is that companies now have a broader base of 5% of turnover, as opposed to total profits, from which they can commit funds to research and development activities. The Act also provides that where a company that has enjoyed this deduction transfers or sells the outcome of the research and development to another person, the proceeds from the sale or transfer shall be taxable.⁴⁴⁹

3.4 Administrative and Compliance Measures

The administrative and compliance measures under the NTA 2025—read together with the Nigeria Tax Administration Act, 2025 (NTAA 2025)—form the operational backbone of the new tax regime. These measures are designed to simplify tax processes, enhance enforcement, and ensure taxpayer accountability. Specifically, the Nigeria Tax Administration Act 2025 provides for the disclosure of

⁴⁴⁰ Nigeria Tax Act, 2025. s 183.

⁴⁴¹ Nigeria Tax Act, 2025. See s.177 (3) which states "A company having unutilised tax credit may utilise it within five assessment years after the end of the priority period, after which any unutilised tax credit shall lapse". See also ss 183-184.

⁴⁴² Nigeria Tax Act, 2025, ss 185-187.

⁴⁴³ Nigeria Tax Act, 2025, s 189.

⁴⁴⁴ See generally, Nigeria Tax Act, 2025, s 166.

⁴⁴⁵ See generally, Nigeria Tax Act, 2025, s 166 (3) (a).

⁴⁴⁶ See generally, Nigeria Tax Act, 2025, s 166 (3) (b).

⁴⁴⁷ Nigeria Tax Act, 2025, s 166 (4).

⁴⁴⁸ Nigeria Tax Act, 2025, s 165.

⁴⁴⁹ Nigeria Tax Act, 2025, s 165 (3).

tax planning strategies employed in the business transactions.⁴⁵⁰

(a) Harmonised Tax Administration Framework

A central administrative reform is the creation of a uniform tax administration system applicable across federal, state, and local levels in Nigeria. The NTAA 2025 establishes consistent procedures for assessment,⁴⁵¹ collection, and enforcement of taxes.⁴⁵² It eliminates duplication and conflicting tax rules, ensuring coherence and predictability in administration. It also makes clear provisions for offences and penalties⁴⁵³ to enhance compliance.

(b) Mandatory Taxpayer Registration and Identification

Administrative compliance begins with proper registration. Every taxable person shall register with the relevant tax authority. The use of Tax Identification Numbers (TINs) is mandatory for tracking taxpayers.⁴⁵⁴ Tax authorities maintain a centralised taxpayer database. The purpose is to widen the tax net and ensure traceability of taxable persons. Inspired by OECD BEPS Action 12, the NTA 2025 provides for mandatory disclosure rules which mandates disclosure of aggressive tax arrangements.⁴⁵⁵ This shifts the compliance burden onto taxpayers and advisors.

(c) Self-Assessment and Filing Obligations⁴⁵⁶

A major compliance measure is the introduction of a self-assessment regime.⁴⁵⁷ Taxpayers must file periodic tax returns (usually annually or as prescribed). Returns are deemed to be self-assessed declarations of tax liability. Filing may be done electronically through digital platforms. This encourages voluntary compliance, reduces administrative burden on tax authorities. This aligns with global best practices.⁴⁵⁸

(d) Digitalisation of Tax Administration⁴⁵⁹

The Act strongly promotes electronic tax systems through E-filing of returns, digital record-keeping and data integration and electronic tax assessments and

notices. This reform enhances efficient tax planning, transparency, and real-time monitoring of compliance. The inclusion of digital and virtual asset transactions within the tax base expands the scope of taxable income. Companies operating in digital sectors must implement data tracking systems for digital transactions. This aligns with evolving valuation methodologies and ensure cross-border digital income is appropriately reported. These provisions in NTA 2025 mirrors OECD BEPS Action 1 addressing the tax challenges of the digital economy.

(e) Powers of Tax Authorities (Audit and Investigation)

To ensure compliance, tax authorities are granted extensive administrative powers, such as the power to audit tax returns and financial records, authority to enter business premises⁴⁶⁰ and inspect documents,⁴⁶¹ power to remove books and documents,⁴⁶² and power to request information from taxpayers and third parties. Refusal to grant access may attract penalties.

(f) Assessment and Collection Mechanisms

Administrative measures also include structured procedures for tax assessment through acceptance of taxpayer self-assessment, and issuance of additional assessments where necessary. Enforcement is carried out through demand notices, garnishee orders and recovery proceedings. The goal is efficient and timely tax collection.

(g) Penalties and Enforcement Measures

The NTA 2025 and the NTAA 2025 jointly introduce strict compliance enforcement mechanisms, including administrative penalties for non-compliance, daily default penalties for continuing offences, and criminal sanctions (fines and imprisonment in severe cases). For example, there may be a ten thousand Naira penalty for general non-compliance, plus daily fines for continued default.⁴⁶³ The importance of this is that it deters tax evasion and strengthens enforcement, thereby enhancing tax planning.

(h) Dispute Resolution Mechanisms

⁴⁵⁰ See generally, Nigeria Tax Administration Act, 2025, s 30.

⁴⁵¹ See generally, Nigeria Tax Administration Act, 2025, Chapter II Part II.

⁴⁵² See generally, Nigeria Tax Administration Act, 2025, Chapter II Part III.

⁴⁵³ See generally, Nigeria Tax Administration Act, 2025, Chapter IV Part I.

⁴⁵⁴ See generally, Nigeria Tax Administration Act, 2025, ss 7-8.

⁴⁵⁵ OECD, *Mandatory Disclosure Rules, Action 12 – BEPS Project* (2015).

⁴⁵⁶ See generally, Nigeria Tax Administration Act, 2025 s 11.

⁴⁵⁷ Nigeria Tax Administration Act, 2025, s 34.

⁴⁵⁸ Such as the OECD Model.

⁴⁵⁹ Nigeria Tax Administration Act 2025, sections 79 and 83.

⁴⁶⁰ Nigeria Tax Administration Act 2025, s 58.

⁴⁶¹ Ibid.

⁴⁶² Nigeria Tax Administration Act 2025, s 59.

⁴⁶³ Nigeria Tax Administration Act 2025, s 109.

To ensure fairness, the Act provides structured procedures for tax dispute resolution. Taxpayers may challenge assessments through administrative review, tax tribunal and the courts. It also introduces clear timelines and procedural safeguards.

(i) Taxpayer Rights and Obligations

The compliance framework balances enforcement with protection. The taxpayers' rights include the right to fair hearing, right to confidentiality of tax information and the right to clarity in tax obligations. On the other hand, their obligations include timely filing and payment, honest disclosure of income as well as cooperation with tax authorities.

(j) Inter-Agency Coordination and Data Sharing

The Act promotes cooperation between tax authorities and other government agencies, data sharing for tracking income and preventing tax evasion, and integration with financial institutions and regulatory bodies.

(k) Elimination of Multiple Taxation and Simplification

Administrative efficiency is further enhanced by merging overlapping taxes, eliminating nuisance taxes, and ensuring that a single tax base is not taxed multiple times. Summarily, the administrative and compliance measures under the Nigeria Tax Act 2025 represent a modern, technology-driven, and enforcement-oriented tax system. Key pillars include self-assessment and digital compliance, strong enforcement and penalties, unified administrative procedures and enhanced taxpayer accountability and rights. Overall, the framework seeks to balance efficiency, fairness, and revenue optimisation, positioning Nigeria's tax system closer to global best practice.

4. Judicial Attitude to Tax Planning in Nigeria

The judicial attitude to tax planning in Nigeria reflects a gradual evolution from strict legal formalism (respect for taxpayer autonomy) to a more purposive and anti-avoidance-oriented approach under the NTA 2025. Nigerian courts generally recognise the legality of tax planning but draw a clear line between legitimate tax avoidance and illegal tax evasion.

4.1 Conceptual Foundation: Tax Planning v Tax Evasion

Nigerian courts have consistently distinguished tax planning or tax avoidance, which is the arrangement of business transactions to minimise tax liability within the law, and which is considered legal, from tax evasion, which is illegal because it is the deliberate misrepresentation, concealment, or fraud to escape tax. This distinction underpins judicial reasoning.

4.2 Traditional Judicial Attitude: Strict Legalism

Historically, Nigerian courts adopted the literal rule of interpretation, emphasising that a taxpayer is entitled to arrange his affairs to pay the least tax possible. This approach is rooted in English jurisprudence, particularly in *IRC v Duke of Westminster*.⁴⁶⁴ The major principle in that case is that if a transaction complies with the letter of the law, courts will respect it—even if it reduces tax liability. The Nigerian courts initially followed this approach by respecting corporate structures, upholding artificial but legally valid transactions, and avoiding inquiry into taxpayer motive.

4.3 Shift Toward Substance Over Form

Over time, Nigerian courts began to move away from rigid formalism toward examining the economic reality of transactions, as can be seen in the case of *Ayanwale v FIRS*.⁴⁶⁵ Courts may now look beyond legal form, examine the substance and intent, and disregard sham or artificial transactions. This marks a shift toward anti-avoidance reasoning as evident under the NTA 2025. In *FIRS v Mobil Producing Nigeria Unlimited*,⁴⁶⁶ the court distinguished legitimate structuring of petroleum operations (avoidance) from manipulative accounting practices (evasion). The case emphasised that intention and legality of the arrangement are key tests. Also, in *Oando Plc v FIRS*,⁴⁶⁷ the tribunal upheld the taxpayer's right to rely on statutory incentives and allowances. It confirmed that using tax incentives is avoidance and it is lawful, while falsifying claims is evasion and unlawful. The case of *Furniss v Dawson*⁴⁶⁸ also reinforced the substance-over-form doctrine.

4.4 Anti-Avoidance Doctrine in Nigerian Jurisprudence

Modern judicial attitude reflects increasing reliance on substance over form principle. Courts now assess the real nature of the transaction to see whether it has commercial purpose beyond tax benefits. Also, the

⁴⁶⁴ See also, *Ayrshire Pullman Motor Services v IRC* (1929)

⁴⁶⁵ (2017) 32 TLRN 1 (TAT).

⁴⁶⁶ (2016) 28 TLRN 1.

⁴⁶⁷ (2014) 1 TLRN 1 (TAT).

⁴⁶⁸ [1984] AC 474.

sham transaction doctrine is to the effect that a transaction may be disregarded if it is fictitious and if it lacks economic reality. Furthermore, under the business purpose test, courts usually ask a pertinent question: does the transaction serve a genuine commercial objective? If it does not, then it will be disregarded, and applicable tax will become payable. All of these are judicial interventions to prevent tax evasion.

4. 5 Statutory Influence on Judicial Attitude

Judicial reasoning is now heavily influenced by statutory anti-avoidance provisions, such as section 22 of the repealed Companies Income Tax Act 2007. The courts have since been supporting the power of tax authorities such as the Nigeria Revenue Service to disregard artificial transactions and reconstruct tax liability where avoidance is evident.

4. 6 Key Nigerian Cases Reflecting Judicial Trends

In *FBIR v Halliburton (WA) Ltd*,⁴⁶⁹ the Supreme Court emphasised substance over form in determining tax liability. In *Shell Petroleum Development Company v FIRS*,⁴⁷⁰ the court rejected artificial arrangements designed to evade tax obligations and upheld tax authority scrutiny of complex arrangements. Also, in *Abdulrazaq v FIRS*,⁴⁷¹ the court reinforced the distinction between avoidance and evasion. It supported the sanctioning powers of the FIRS where abuse is evident. Furthermore, in *Cadbury Nigeria Plc v FIRS*,⁴⁷² the court demonstrated readiness to investigate financial structuring by highlighting the importance of transparency and proper accounting.

4. 7 Contemporary Judicial Attitude

The current Nigerian judicial stance can be summarised as balanced and pragmatic because courts will uphold legitimate tax planning, respect corporate personality and legal structures, and apply strict interpretation where statutes are clear. However, the courts will neither allow abuse of legal forms nor recognise sham or fictitious transactions. The court will also not allow tax evasion that has been disguised as tax avoidance.

⁴⁶⁹ [2016] 4 NWLR (Pt. 1501) 53.

⁴⁷⁰ Consolidated Appeals Nos. TAT/LZ/040/2013, TAT/LZ/041/2013 & TAT/LZ/042/2013.

⁴⁷¹ *Abdulrazaq v FIRS* (2014) 6 TLRN 1 (Tax Appeal Tribunal). See also *Shell Petroleum Development Company of Nigeria Ltd v Federal Board of Inland Revenue* (1996) 8 NWLR (Pt. 466) 256 (SC).

4. 8 Comparative Analysis with the UK and the US

The UK tax system provides a mature model of anti-avoidance regulation. These are the GAAR framework under the Finance Act 2013, the Disclosure of Tax Avoidance Schemes (DOTAS). The Judicial approach in *IRC v Duke of Westminster*,⁴⁷³ allowing tax planning is giving way to the modern purposive interpretation. The UK experience demonstrates a shift from formalism to substance-over-form analysis.

The UK's CFC regime, particularly under the Finance Act 2012, similarly targets artificial profit diversion. In *Cadbury Schweppes plc v IRC*⁴⁷⁴ the European Court of Justice held that CFC rules must target "wholly artificial arrangements." Nigerian law, however, appears broader, focusing less on artificiality and more on effective taxation thresholds, thereby reflecting BEPS-driven substance requirements.

The UK adopts a General Anti-Abuse Rule (GAAR) under the Finance Act 2013. The rule targets "abusive" arrangements and applies a "double reasonableness" test. In the UK, while the *IRC v Duke of Westminster*⁴⁷⁵ legitimised tax avoidance, the case of *WT Ramsay Ltd v IRC*⁴⁷⁶ introduced purposive interpretation. The US, on the other hand, adopts the economic substance doctrine and the substance-over-form principle. For instance, the US case of *Gregory v Helvering*⁴⁷⁷ established that transactions must have economic substance. It is a landmark decision of the US Supreme Court on the distinction between legitimate tax avoidance and impermissible tax evasion, and it established the "substance over form" principle in tax law. The Nigerian situation is quite different from these. Presently, with the NTA 2025 in place, Nigeria is moving from Westminster-style formalism towards the Ramsay-style substance.

Nigeria's CFC rules and minimum tax mirror the US anti-deferral regimes. Unlike the UK's judicially developed doctrines, Nigeria's approach is statutorily codified, reducing reliance on judicial activism. In *IRC v DSG Retail Ltd*,⁴⁷⁸ the House of Lords emphasised strict adherence to arm's length standards. Similarly, Nigerian tax authorities, such as the Nigeria Revenue

⁴⁷² (2010) 2 NWLR (Pt. 1179) 561.

⁴⁷³ *IRC v Duke of Westminster* [1936] AC 1 (HL).

⁴⁷⁴ (Case C-196/04).

⁴⁷⁵ *IRC v Duke of Westminster* [1936] AC 1 (HL).

⁴⁷⁶ *WT Ramsay Ltd v IRC* [1982] AC 300.

⁴⁷⁷ 293 U.S. 465 (1935).

⁴⁷⁸ [2009] UKHL 4.

Service, are empowered to re-characterise transactions lacking economic substance.

4.9 Influence of Global Tax Norms and Laws

Nigerian courts are increasingly influenced by international standards, especially by incorporating and complying with the OECD Base Erosion and Profit Shifting (BEPS) principles, and the anti-abuse doctrines such as the General Anti-Avoidance Rules (GAAR), and the economic substance doctrine. This aligns Nigeria with global tax jurisprudence trends, and they are provided for in the NTA 2025. The OECD's BEPS project seeks to curb: profit shifting and base erosion. In this regard, there are two key pillars: Pillar One (digital taxation), and Pillar Two (global minimum tax). Nigeria's 15% minimum tax aligns with OECD Pillar Two. Under the NTA 2025, there is now a shift from aggressive to defensive tax planning.

Tax planning now focuses on compliance, risk management, and transparency. The unified tax laws now eliminate multiple taxation loopholes, and drastically reduce jurisdictional inconsistencies. Also, penalties and enforcement powers discourage aggressive schemes. The NTA 2025 now aligns with Global Standards by transiting toward the OECD-compliant taxation, and by embracing the global transparency norms. For taxpayers and corporations, transactions must have economic reality, and serve business purposes beyond tax reduction. Tax authorities and courts now closely examine aggressive tax planning schemes. Taxpayers must maintain proper records, and justify transactions.

The OECD BEPS project represents the global standard for combating aggressive tax planning. Key pillars include:

BEPS Action 3 – Controlled Foreign Company (CFC) rules

BEPS Action 4 – Interest limitation

BEPS Action 6 – Treaty abuse prevention

BEP ACTION 12-Mandatory disclosure rules

BEPS Action 13 – Transfer pricing documentation through country-by-country reporting.

Pillar Two – Global minimum tax (15%)

The NTA 2025 reflects these principles through the introduction of CFC rules, the minimum effective tax rate of 15% for multinationals, and the expansion of

taxing rights over non-resident companies. Nigeria's adoption of these principles under the NTA 2025 reflects increasing global tax harmonisation.

5. Key Areas of Corporate Tax Planning under NTA 2025

The Act affects companies through a revised corporate tax rule. There is also a broader definition of taxable entities (including foreign-controlled companies), as well as the introduction of global minimum tax concepts. Corporate tax planning strategies under the Act include proper capital structuring (debt vs equity), timing of revenue recognition, use of tax-deductible expenses, and group restructuring to optimise tax exposure. The NTA 2025 expands allowable deductions such as business expenses, capital investments, and sector-specific allowances. For example, gas reinjection and infrastructure investments are deductible in petroleum operations. Generally, planning focuses on the identification of fully deductible and non-deductible expenses, as well as avoiding disallowed expenses (e.g., penalties).

Investment and Incentive-Based Planning: The Act promotes investment through capital allowances, sector incentives (e.g., energy, infrastructure), and tax reliefs for certain industries. Planning Strategies include investing in tax-favoured sectors, structuring projects to qualify for incentives, the use of capital allowances to defer tax, the use of double taxation treaties, transfer pricing compliance, and avoiding base erosion risks.

General Anti-Avoidance Rules (GAAR): The GAAR empowers tax authorities to disregard artificial or fictitious transactions designed to evade tax liability. This reflects principles established in *WT Ramsay Ltd v IRC*.⁴⁷⁹ Under the NTA 2025, companies must ensure that transactions have economic substance beyond tax benefits.

Transfer Pricing Regulations: The Act reinforces the arm's length principle consistent with OECD Transfer Pricing Guidelines.⁴⁸⁰ Multinational corporations must justify intra-group transactions with economic evidence.

Digital Economy Tax Planning: There are new provisions in the Act that cover online businesses, remote services, and digital transactions. The planning strategies include proper classification of digital

⁴⁷⁹ *WT Ramsay Ltd v IRC* [1982] AC 300 – established the **Ramsay Principle**, disregarding artificial steps in tax avoidance schemes.

⁴⁸⁰ OECD, *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* (2022).

income, ensuring compliance with digital tax rules, and structuring cross-border digital operations efficiently. Under the NTA 2025, there is now a mandatory taxpayer registration as well as electronic filing and invoicing, which must strictly be complied with by maintaining accurate records and filing taxes promptly, thereby avoiding penalties and audit. Compliance itself is now a core tax planning strategy.

Anti-Avoidance and Limits to Tax Planning: The NTA 2025 discourages aggressive tax avoidance through broader tax definitions, anti-avoidance rules, and increased transparency. This creates a distinction between tax planning (legal and acceptable), tax avoidance (exploiting loopholes, which has now been restricted), and tax evasion, which is illegal.

Importance of Tax Planning under NTA 2025: Tax planning is essential because it reduces tax burden legally, improves cash flow, enhances business profitability, ensures compliance with modern tax rules, and minimises the risk of penalties.

Strategic Implication: Companies must abandon artificial structuring (e.g., asset disposal schemes) and adopt substance-over-form planning. Tax planning should now focus on operational efficiency rather than transactional re-characterisation.

Anti-Avoidance and Minimum Tax Regime: There is the introduction of a 15% minimum effective tax rate (ETR) for large companies and multinationals. This makes top-up tax applies where profits are shifted to low-tax jurisdictions.⁴⁸¹

Restructuring approach: The Act aligns tax strategies with OECD BEPS principles. It reduces reliance on tax havens, transfer pricing manipulation, and profit shifting. It also adopts real economic substance (people, assets, functions) in tax jurisdictions.

Strategic restructuring: There is now a shift from "location-based incentives" to investment-driven tax planning. There is also the prioritisation of capital-intensive projects, such as those in the manufacturing, infrastructure, and technology. There is also the structuring of investments to maximise qualifying capex and carry-forward benefits.

Research and Development Deductibility: Research and Development expenses are deductible up to 5% of turnover. This implies that there is now an integration of innovation and tax planning. There are also the establishment of formal Research and Development structures and documentation systems to capture deductions.

Optimising Corporate Structure and Group Tax Planning: Offshore disposals deriving value from Nigerian assets are now taxable. The restructuring strategy includes the re-assessment of holding company structures (especially offshore SPVs), consideration of treaty jurisdictions and double taxation relief mechanisms, and the controlled company rules and ownership.

Transition from Tax Minimisation to Tax Risk Governance: Under the NTA 2025, corporate tax planning must shift from aggressive avoidance structures to risk-managed compliance frameworks. The imposition of minimum tax thresholds and expanded taxable bases (including digital assets) necessitates internal tax control systems that align with statutory thresholds, integration of tax risk into corporate governance structures, and adoption of real-time compliance and reporting mechanisms. All of these align with the OECD's emphasis on co-operative compliance and transparency in tax administration.

Implications for Corporate Governance: The Act redefines tax planning as a governance issue rather than a purely financial function. Directors may face increased accountability for tax strategies, aligning with global trends in corporate responsibility. The integration of tax planning into corporate governance has gained prominence, particularly following OECD reforms.⁴⁸² Boards now oversee tax risk. There is also an increase in transparency and disclosure obligations through the mandatory record-keeping. More than ever before, aggressive tax strategies may trigger reputational risks under the NTA 2025. Boards are increasingly expected to align tax strategies with ethical standards and stakeholder expectations. Tax planning strategies are now priority board matters.

Summary: From Old to New

The overarching restructuring philosophy under the Nigeria Tax Act 2025 is:

⁴⁸¹ Nigeria Tax Act, 2025. Section 57.

⁴⁸² OECD, *Principles of Corporate Governance* (OECD Publishing 2015).

Old Strategy	New Strategy under NTA 2025
Aggressive tax avoidance	Compliance-driven optimisation
Use of loopholes	Alignment with global standards
Offshore profit shifting	Substance-based taxation
Tax holidays reliance	Investment-linked incentives
Fragmented compliance	Integrated tax governance

6. Critical Evaluation and Conclusion

The Nigeria Tax Act 2025 promotes fairness in taxation. It also prevents revenue loss to the government. It also aligns with global best practices. However, despite these improvements, there are still some challenges. For instance, there are increased compliance requirements, digital monitoring reduces flexibility, broader tax net, which now captures more entities for taxation. Furthermore, the institution to enforce compliance, such as the NRS, appears weak and may not have the enforcement capacity, without which tax evasion might persist. There is limited technical expertise within tax authorities. Some corporations that are so accustomed to aggressive tax planning might resist the radical changes in the Act in the absence of tax experts.

Tension between Revenue Maximisation and Investment Attraction: While the NTA enhances revenue through increased tax burden (e.g., CGT at 30%), this may discourage investment. There is also the compliance complexity, which may deter foreign investors.

Administrative Capacity Constraints: Effective implementation of the NTA 2025 depends on the expertise of tax authority, availability of digital infrastructure and enforcement capacity. Without these, anti-avoidance rules risk will just be symbolic rather than effective.

Incomplete Harmonisation with International Standards: Although aligned with BEPS, there are still notable gaps, such as the absence of a fully developed GAAR framework, limited jurisprudence guiding interpretation, and weaknesses in treaty network.

Judicial Inconsistencies: There might also be the likelihood of risk of judicial inconsistency. Furthermore, there is the possibility of abusing the wide and discretionary powers of tax authorities.

Concluding, the Act fundamentally reshapes tax planning by shifting from a form-driven system to a substance-oriented regime. While legitimate tax planning remains permissible under the Act, aggressive tax avoidance is increasingly curtailed

through anti-avoidance rules, global minimum taxation, and enhanced compliance mechanisms. Comparatively, Nigeria is converging with the UK, US, and the OECD standards, particularly in adopting substance-over-form doctrines and BEPS-aligned policies. However, the effectiveness of this transformation depends on judicial interpretation, administrative capacity, and regulatory clarity.

The Nigeria Tax Act 2025 marks a decisive transition from aggressive tax planning to regulated tax optimisation, driven by global anti-avoidance norms. By incorporating BEPS-aligned provisions—such as minimum tax rules, CFC regimes, and expanded tax bases—the Act compels companies to restructure their tax strategies around substance, transparency, and compliance. Comparatively, while the UK relies heavily on judicial doctrines like the Ramsay principle, Nigeria adopts a more legislatively prescriptive approach, thereby providing greater certainty but reduced flexibility. Ultimately, effective tax planning under the NTA 2025 requires a shift from “tax avoidance engineering” to strategic tax governance embedded within corporate decision-making frameworks.

Also, the judicial attitude to tax planning in Nigeria has evolved from strict legalism to a purposive and substance-based approach. While courts still respect the right of taxpayers to minimise tax liabilities, they increasingly prioritise economic reality over legal form, anti-avoidance principles, and statutory compliance. Ultimately, Nigerian courts aim to strike a balance between protecting taxpayer rights and preventing abuse of the tax system.

In summary, tax planning under NTA 2025 is legal optimisation, not manipulation. In essence, tax planning is no longer a purely technical exercise—it is now a core strategic function tied to business substance, investment decisions, and long-term value creation. The Nigeria Tax Act 2025 marks a decisive transition from aggressive tax planning to regulated tax optimisation, driven by global anti-avoidance norms. By incorporating BEPS-aligned provisions—such as minimum tax rules, CFC regimes, and expanded tax bases—the Act compels companies to restructure their tax strategies around substance, transparency, and compliance.

Comparatively, while the UK relies heavily on judicial doctrines like the Ramsay principle, Nigeria adopts a more legislatively prescriptive approach, thereby providing greater certainty but reduced flexibility. Ultimately, effective tax planning under the NTA 2025 requires a shift from “tax avoidance engineering”

to strategic tax governance embedded within corporate decision-making frameworks.

In conclusion, under the Nigeria Tax Act 2025, tax planning has evolved from a loophole-driven activity to a structured, compliance-oriented strategy. The Act encourages taxpayers to optimise tax through legitimate incentives, maintain transparency, and align with global best practices. To effectively restructure tax planning under the Nigeria Tax Act 2025, companies must transition to a holistic, forward-looking model that integrates Legal compliance (anti-avoidance, minimum tax rules), and Operational strategy (investment, R&D, supply chain design).

7. Recommendations

To maximise the benefits of the Nigeria Tax Act 2025, several policy recommendations are proposed. Nigeria should codify a GAAR similar to the UK model to provide clarity and ensure consistency in application. Institutional capacity should be strengthened within tax authorities to ensure effective implementation. Taxpayer education and awareness should be enhanced to promote voluntary compliance. This can be anchored by the relevant professional bodies such as the Chartered Institute of Taxation of Nigeria (CITN) and the Institute of Chartered Accountants of Nigeria (ICAN).

For ease of compliance, the definition of 'small companies' under the Companies and Allied Matters Act 2020⁴⁸³ should align with the definition under the NTA 2025. The discrepancies in the definition may lead to difficulty in compliance or conflicting judicial

pronouncements when issues bothering on financial thresholds arise.

The radical transformation under the NTA 2025 necessitates a fundamental restructuring of corporate tax planning—from artificial, form-driven arrangements to substance-based, compliance-oriented strategies. While the reforms enhance fiscal integrity, their success ultimately depends on effective implementation, institutional capacity, and a balanced approach that sustains both revenue generation and economic growth. In comparative perspective, Nigeria is converging with global tax norms but must refine its doctrinal coherence and administrative framework to fully realise the objectives of the reform.

There should also be investment in digital tax systems through improvement in digital infrastructure to support electronic tax administration, as well as improved audit mechanisms. There should also be an enhancement of treaty Network through renegotiation of outdated treaties and the inclusion of BEPS-compliant provisions. There should be a clear guidance and advance rulings through the issuance of interpretative guidelines and the introduction of advance pricing agreements (APAs). This will ensure transparency and accountability in the management of tax revenues. There is also the need to promote collaboration between federal and state tax authorities to avoid jurisdictional conflicts. Lastly, there should be a balancing of anti-avoidance provisions, with investment incentives through targeted incentives (e.g., EDTI) and certainty in tax policy. While the expansion of revenue generation under the Act is a welcome development, the Act should not deter investors through its stringent provisions.

⁴⁸³ See the Companies and Allied Matters Act (CAMA) 2020, s. 394, and the Nigeria Tax Act 2025 s. 202 for comparison.