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Olukolade Ehinmosan,[1] **Kings Jonah,[2]** **Tovia Abohwo[3].**

NIGERIAN TAX ISSUES: HIGHLIGHTS OF CHANGES FOR TAX DISPUTE RESOLUTION PROCESSES UNDER THE TAX REFORM ACTS

Background

It is no longer news that the four (4) tax reform bills were recently passed by the Nigerian bicameral legislature, the National Assembly, and assented to by the president of the Federal Republic of Nigeria, Bola Ahmed Tinubu.[4] The tax reform Acts herald significant changes and a new era in several facets of the Nigerian commercial space.

As a crucial aspect of business continuity, individuals and organisations (business or non-commercial) require proper tax legal guidance on how to navigate the new tax era. The instant article marks the outset of a series of basic tax law changes introduced by the recent reforms and examines the dispute resolution mechanisms retained and freshly introduced by the tax reform Acts.

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1 **Associate, Tax, Real Estate, and Succession, SPA Ajibade & Co., Lagos, Nigeria.**
2 **Trainee Associate, Dispute Resolution, SPA Ajibade & Co., Lagos, Nigeria.**
3 **Intern, Tax, Real Estate, and Succession, SPA Ajibade & Co., Lagos, Nigeria.**
4 The State House (Bayo Onanuga – Special Adviser to the President on Information and Strategy), "President Tinubu: New Tax Laws, the way Forward for Nigeria's Prosperity", 26th June 2025, available at <https://statehouse.gov.ng/news/president-tinubu-new-tax-laws-the-way-forward-for-nigerias-prosperity/> last accessed 20th August 2025 at 11:17 am.

Introduction

The mechanisms for tax dispute resolution are principally codified in the **Nigeria Tax Act 2025** ("**NTA**"), the **Nigerian Tax Administration Act 2025** ("**NTAA**"), the **Nigeria Revenue Service (Establishment) Act 2025** ("**NIRSEA**"), and the **Joint Revenue Board of Nigeria (Establishment) Act 2025** ("**JORBEA**").

Effective / Commencement Date

All four (4) tax reform statutes have an effective date of 1st January 2026.

Establishment of Tax Administration and Dispute Resolution Bodies

The Joint Revenue Board[5]

JORBEA establishes a body corporate with perpetual succession and a common seal to be officially regarded as the **Joint Revenue Board** ("**JRB**"), the successor to the current Joint Tax Board (JTB). Like the extant JTB, the JRB will have its head office in the Federal Capital Territory, Abuja (FCT). However, unlike JTB, the functions of the JRB cover not only fiscal revenue sources but also others including regulatory fees, levies, fines, among other matters.

The JRB will have the following dispute resolution functions:

1. Resolve disputes between different tax authorities on issues including but not limited to determination of residency.
2. Maintain a platform for revenue data collection, integration, and exchange of information among the various tax authorities in Nigeria. This has high prospects of expediting tax disputes which relate to revenue sources and values.
3. Promote harmonisation of taxes, levies, rates, charges and other payments and ensure uniformity in revenue administration across Nigeria. This will promote tax certainty and possibly achieve avoidance of disputes occasioned by legislative (including subsidiary legislations) inconsistencies.

For suits to be commenced against the JRB, a one-month pre-action notice (similar to memoranda of claim recognized under the civil procedure rules of various high courts) is required. For executions or attachments, a three-month prior notice is required.

The Nigeria Revenue Service (NRS)

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[5] Point to Note: JTB metamorphosizes into a more powerful JRB.

NIRSEA establishes a body corporate with perpetual succession and a common seal to be officially regarded as the **Nigeria Revenue Service** ("**NRS**"), the successor to the current Federal Inland Revenue Service (FIRS).

The Office of the Tax Ombud[6]

JORBEA establishes a body corporate with perpetual succession and a common seal to be officially regarded as the **Office of the Tax Ombud** ("**the Ombudsman**"). The Ombudsman will have its head office in the Federal Capital Territory, Abuja (FCT) and at least one (1) branch in each of the six (6) current geo-political zones, in close semblance with the current distribution of Tax Appeal Tribunal (TAT) locations. It will be headed by a person whose office will be regarded as the Tax Ombud, who will be the Chief Executive and Accounting Officer of the Ombudsman.

JORBEA innovatively consolidates on extant alternative dispute resolution mechanisms in taxation.

The Ombudsman will be able to perform the following roles related to dispute resolution:

1. Review, investigation, and resolution of complaints not only relating to tax (taxation, tax officials and constituted authorities) but also levies, regulatory fees and charges, customs duties, or excise matters, through mediation or conciliation.
2. Issue subsidiary legislation for the resolution of complaints or implementation of recommendations.
3. Institute legal proceedings on behalf of a taxpayer.

The Ombudsman will be able to exercise such quasi-judicial powers including the administration of oaths and authentication of affidavits, affirmations, or declarations which may thereafter be accepted as evidence in legal proceedings. Taking a closer look at the quasi-judicial powers of the Ombudsman, its jurisdiction does not stretch to the following subjects:

1. Interpretation of tax legislation on non-operational, non-procedural or non-administrative issues;
2. Review or determination of *sub judice* matters;
3. Determination of tax liability or issuance of tax assessment; and
4. Review of complaints by or on behalf of a tax official in respect of personal grievances.

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6 Point to Note: Tax OMBUDSMAN – The newest MAN in town.

Notably, the Ombudsman is mandated to perform its function free of charge. Although not expressly stipulated, it may be inferred that the powers relating to administration of oaths and authentication of documents fall within the free-of-charge coverage.

As part of safeguards for the independence of the Ombudsman, officers are prohibited from accepting any gift or advantage in whatever form or manner, and from publishing studies, research findings, recommendations, insights, or proposals concerning any matter under consideration.

The Tax Appeal Tribunal (TAT)[7]

JORBEA not only (re)establishes the Tax Appeal Tribunal (TAT) but also formalised a crucial administrative element similar to the registries at the regular courts – the secretariat. JORBEA does this by creating the office of the Coordinating Secretary of the TAT with clear statutory recognition. In line with global best practices, the TAT secretariat will have a clear administrative head/unit which will potentially ensure procedural fairness and transparency.

As the name implies, the Coordinating Secretary will oversee the Secretaries appointed for each zone of the TAT. The secretaries are responsible for the following tasks:

1. Keeping records of the proceedings of the Tribunal.
2. Day-to-day administration.
3. Direction and control of all other employees of the TAT.

JORBEA also recognizes the TAT's lack of criminal jurisdiction. It places obligation on the TAT to pass information relating to possible criminality which it discovers during adjudication to appropriate criminal prosecuting authorities.

Dispute Prevention Mechanism

Advance Tax Ruling (ATR)[8]

An advance tax ruling is a formal and binding written clarification issued by the relevant tax authority upon the request of a taxpayer.[9] It provides the applicant with legal certainty regarding the interpretation or application of specific tax provisions to a particular transaction or issue.

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7 Point to Note: TAT remains unchanged.
8 Point to Note: ATR seated in the statutes at long last!
9 Olukolade Ehinmosan and Fatihat A. Yakubu, "Nigeria Tax Issues: The Legal Regime of Advance Tax Ruling (ATR), S. P. A. Ajibade & Co, 15th July 2022, available at <https://vlex.com/vid/nigerua-tax-

Under the NTA, taxpayers or parties involved in tax-related transactions may apply to a relevant tax authority (RTA) for an ATR. The RTA is empowered to issue such ATRs to clarify any aspect of tax law, administrative practice, or policy. The ATR must be issued within 21 days of application, or the RTA must provide written reasons for the delay.

Furthermore**,** an ATR must state whether it is specific to the applicant, provide details such as Taxpayer ID, address, and the legal issues involved. It may also include assumptions or conditions and specify its period of validity.

The NTA outlines certain instances where an application for an ATR will be rejected, such as where:

i. The request requires interpretation of a foreign law;

ii. The matter is before a court or tribunal (i.e., *sub judice*);

iii. It involves constitutional interpretation;

iv. The application is academic, hypothetical, frivolous, or vexatious; or

v. The ruling would substantially interfere with ongoing audits.

These safeguards ensure the integrity of the system and prevent its misuse as a litigation or audit shield.

The NTA provides that ATRs are binding only on the applicant and apply solely to the transaction described in the application. The ATR would not be of general application and cannot be relied upon by third parties.

ATRs become void in the following situations:

i. The actual transaction deviates materially from what was described;

ii. There is fraud, misrepresentation, or non-disclosure of material facts; or

iii. The taxpayer fails to meet conditions or assumptions stated in the ATR.

The NTA vests the RTA with the power to withdraw or modify an ATR, especially where it was obtained by fraud. Such withdrawal may be retrospective and must specify the effective date of termination or modification.

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issues-the-907462309> and <https://spaajibade.com/nigeria-tax-issues-the-legal-regime-of-advance-tax-ruling-atr/>, both last accessed 9:25 pm on 14th August 2025.

Dispute Resolution Procedure Generally

Pre-Action Stage

In tax matters, disputes can arise as soon as the tax authority initiates an assessment. An assessment in tax refers to the official determination by a tax authority of a taxpayer's liability or how much tax they owe for a given period. It is a formal calculation of taxable income, deductions, allowances, and the final tax due.

The tax reform Acts creditably retain the strict timelines for which tax dispute resolution is well reckoned. If the taxpayer agrees with the assessment, he is mandated to pay the tax. NTAA mandates a taxpayer who is dissatisfied with an assessment to file a written objection featuring detailed grounds and annexing supporting documents within *30 da*ys of receiving the disputed tax assessment, with the objection including detailed grounds and supporting documents. This timeframe may be extended where valid rationales are provided.

The tax authority must also respond within *90 days* of receiving the objection; the objection will be automatically upheld if the RTA fails to respond within the stipulated time. Where the RTA agrees with the objection, a fresh notice of assessment will be given; and where there is partial or complete disagreement, a fresh notice of refusal to amend will be served on the taxpayer. Where the RTA responds within time with a decision, the taxpayer may decide to either accept or dispute it.

A taxpayer aggrieved by an assessment, demand notice, tax decision, or other subjects may file an appeal before the TAT within *30 days* from the date ascribed to the demand notice, assessment, tax decision, et cetera, or within such extended timeframe as may be given by the TAT based on reasonable cause.

Where a taxpayer fails to appeal within the stipulated timeframe, the assessment or demand notice will transform into a final and conclusive one based on which applicable interests and penalties may be charged.

Provision for Amicable Resolution

NTAA permits an RTA and a taxable person to initiate moves for the amicable resolution of a tax dispute at any stage of the dispute. During settlement discussions, participants must disclose all relevant facts. These facts shall be strictly confidential and marked – "without prejudice".

Amicable settlement is encouraged where the following exist:

1. The genuine interest of public revenue or public policy.

2. Economic efficiency as a result of the settlement benefits outweighing litigation cost (time and finances.

3. A party eventually accepts the position of the RTA in a way that negotiation to adjust a tax arrangement or disposition becomes ideal.

4. Where under a whistleblowing arrangement, settlement will facilitate full disclosure of previously undisclosed tax planning or evasion schemes which may lead to significant recovery of tax revenue.

Conversely, NTAA prohibits amicable settlement in the following situations:

1. Where the taxpayer's action which led to the dispute constitutes intentional tax evasion or fraud inimical to the government revenue.

2. It is in the public interest to have judicial clarification of the issue.

3. The case will significantly promote taxpayer compliance.

Any settlement made must be documented in writing and include how each particular issue is settled, relevant undertakings by the parties, treatment of the issue in future years, withdrawals of objection or appeals, and arrangements for payment.

Conclusion

Taxpayers in Nigeria have multiple avenues for resolving tax disputes, ranging from administrative resolution and alternative dispute resolution (ADR) to formal litigation before the Tax Appeal Tribunal (TAT) or the Federal High Court. These mechanisms help minimize tax evasion, prevent wrongful tax assessments, and enhance efficiencies in the tax system.

The availability of varied dispute resolution options ensures a smoother process, reducing the bureaucratic delays often associated with traditional court proceedings. By offering accessible and efficient alternatives, these mechanisms strengthen taxpayer confidence while upholding principles of justice and fairness.

Additionally, the tribunal system helps alleviate the caseload of the Federal High Court, as many tax disputes can be effectively resolved at the Tax Appeal Tribunal level.

On a final note, a question arises at this juncture – what will the next article in this tax reform series be? This will be for you to find out by staying tuned to our internet publishing space.

For further information on this article and the area of law, please contact **Olukolade Ehinmosan, Kings Jonah,** and **Tovia Abohwo** at S. P. A. Ajibade & Co., Lagos by
Telephone (+234.1.270.3009; +234.1.460.5091),
Fax (+234 1 4605092)
Mobile (+234.810.370.8623, +234.815.086.5646)
Email: oehinmosan@spaajibade.com and
kjonah@spaajibade.com
www.spaajibade.com