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MULTIPLICITY, OVERLAP AND VOLATILITY IN NIGERIAN TAX REFORMS: ARE THE 2025 TAX LAWS A TURNING POINT OR JUST ANOTHER CROWDED EDIFICE?

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ABSTRACT

Nigeria's tax system has historically been characterised by a proliferation of taxes and levies, overlapping fiscal powers across the federation, and a high frequency of legislative change that together generate complexity, compliance frictions and policy uncertainty. In 2025, the Federal Government enacted a suite of interlocking Nigeria Tax Reform Acts—including the Nigeria Tax Act (NTA), the Nigeria Tax Administration Act (NTAA) and the Joint Revenue Board (Establishment) Act (JRBEA)—following the work of the Presidential Committee on Fiscal Policy and Tax Reforms. These laws seek to broaden the tax base, modernise administration and "tax the fruit, not the seed" by focusing on profits and consumption while easing burdens on low-income earners and small businesses. This paper critically examines the reforms from the vantage point of multiplicity, overlapping and volatility of tax reforms in Nigeria's staggering economy. Using doctrinal analysis of the 2025 Acts and a review of emerging academic and policy literature, it argues that although the new framework introduces important institutional innovations—such as the NTAA's national Single Window and the JRBEA's coordination mandate—it only partially addresses the deep-rooted problems of multiple taxes, inter-governmental overlap and reform instability. The paper concludes that achieving a growth-supportive, equitable tax system will require a second-generation agenda focused on comprehensive tax rationalisation, clearer assignment of tax powers, a medium-term reform calendar, inclusive digitalisation and embedded stakeholder engagement.

Key words: *Multiplicity, Overlap and Volatility, Nigerian Tax Reforms*

INTRODUCTION

Nigeria's tax-to-GDP ratio has long lagged behind regional and global peers, even as recurrent expenditure and debt service obligations have grown. Against the backdrop of oil revenue volatility, currency pressures and sluggish non-oil growth, successive governments have turned repeatedly to tax reform as a lever for fiscal rescue. From the introduction and periodic amendment of value-added tax to the sequence of annual Finance Acts (2019–2023), Nigeria has experienced an almost continuous stream of policy and legislative changes culminating in the 2025 Nigerian Tax Reform Acts. (Akewushola, 2025). The 2025 package, built on the recommendations of the Presidential Committee on Fiscal Policy and Tax Reforms, is widely described as a "new fiscal framework" anchored on principles of equity, simplicity and digitalisation. The Nigeria Tax Act updates core substantive provisions on company income

tax, personal income tax and other federal tax heads; the Nigeria Tax Administration Act consolidates dispersed administrative provisions into a unified statute; and the Joint Revenue Board (Establishment) Act creates a new apex body to coordinate revenue administration across federal, state and local governments. Together, they are intended to promote a modern, investment-friendly tax system that "taxes the fruits, not the seed." (Oriaifoh & Obaretin, 2025)

Yet the context into which these reforms land is one of a "staggering" economy—low growth, high inflation and weak employment—where taxpayers and administrators alike are fatigued by constant change. Businesses routinely complain of multiple and informal levies, inconsistent enforcement and overlapping demands from different levels of government, while households perceive taxation as opaque and poorly linked to public services. Against this background, three questions frame this paper:

1. How do multiplicity of taxes, overlapping fiscal powers and volatility of reforms manifest in Nigeria's tax system?
2. In what ways do the 2025 Nigeria Tax Laws address—or fail to address—these structural problems?
3. What policy and institutional pathways offer a realistic "way out" for a staggering economy?

The paper adopts a doctrinal and policy-analytic approach by providing a conceptual map, synthesising early evidence and setting an agenda for more granular technical papers.

LITERATURE REVIEW

The Pre-2025 Baseline: Multiplicity, Overlap and Volatility

Multiplicity and Fragmentation of Taxes

Long before 2025, Nigeria's tax architecture was criticised for being "unnecessarily complex, distortionary and largely inequitable." Numerous statutes at federal and state levels, coupled with by-laws and administrative regulations at local level, created a patchwork of taxes, levies and fees, some of which had narrow bases or yielded low revenue relative to their compliance cost. Businesses, particularly SMEs, reported exposure to federal taxes (e.g., CIT, VAT, WHT), state taxes (e.g., personal income tax, business premises charges) and local levies (e.g., motor park fees, tenement rates) often enforced by contracted "agents" using coercive methods. (NESG 2025).

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This multiplicity manifests in three ways. First, horizontal proliferation, with many small taxes and charges on closely related bases; second, vertical layering, with different tiers taxing similar underlying activities; and third, informal exactions, where non-statutory fees are extracted under the guise of official enforcement. These dynamics raise compliance costs, encourage informality and undermine perceptions of fairness (NESG 2025).

Overlapping Fiscal Powers and Administrative Turf Wars

Nigeria's federal structure assigns specific tax heads to each tier, but practical overlaps and disputes have persisted, most notably around VAT and consumption taxes. Ambiguities in constitutional provisions and fiscal statutes have led to litigation and divergent practices across states. Administratively, the former Federal Inland Revenue Service (FIRS) operated alongside State Internal Revenue Services and local revenue units with limited real-time coordination, leading to duplicated audits, conflicting assessments and inconsistent application of rules. (Affiong, 2025; NESG,2025)

Volatility of Tax Reforms and Reform Fatigue

The period from 2019 onwards saw annual Finance Acts modifying tax rates, thresholds and rules amidst macro-economic turbulence. While responsive policy-making is commendable, the cumulative effect was heightened policy volatility, with taxpayers struggling to keep up and administrators adjusting systems on a near-continuous basis. The 2025 Acts, though more comprehensive and strategic, arrive in this context of reform fatigue, raising questions about absorption capacity and the need for a more stable, medium-term tax policy framework. (PWC, 2025)

THE 2025 NIGERIA TAX LAWS: ARCHITECTURE AND AMBITION

Nigeria Tax Act (NTA 2025)

The Nigeria Tax Act updates and consolidates substantive provisions on key federal taxes, including company income tax, personal income tax (for federal agencies), capital gains tax and aspects of VAT. Analyses by Okeke (2025) and others note that the NTA introduces progressive personal income tax bands, reliefs for low-income earners, and targeted incentives for priority sectors, consistent with the "tax the fruit, not the seed" philosophy.

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Nigeria Tax Administration Act (NTAA 2025)

The NTAA is widely regarded as the administrative keystone of the reform. It aims to:

1. Harmonise assessment, collection, penalty and enforcement procedures across tax types and government tiers;
2. Establish a National Single Window Portal to centralise taxpayer interactions with tax authorities;
3. Mandate digital invoicing and automated reporting of high-value transactions to enhance transparency and compliance;
4. Provide clearer rules on refunds, appeals and taxpayer rights.

PwC's insight series describes the NTAA as a "unifying administrative code" intended to reduce fragmentation and arbitrary practices across the federation.

Joint Revenue Board (Establishment) Act (JRBEA 2025)

The JRBEA creates the Joint Revenue Board of Nigeria (JRB) to replace the Joint Tax Board, with expanded objectives "to provide for a legal and institutional framework for the harmonisation and coordination of revenue administration" across federal, state and local governments. The JRB is mandated to:

a. Harmonise tax policies and coordinate tax administration;
b. Serve as a forum for negotiating inter-governmental tax issues;
c. Oversee joint initiatives such as shared taxpayer databases and guidelines.

Scholars see the JRB as the institutional anchor for addressing long-standing coordination failures.

Critical Assessments

Emerging literature offers a nuanced view. Okeke (2025) and others praise the reforms as a decisive modernisation effort, but caution that implementation challenges, constitutional constraints and political economy factors may blunt their impact on multiplicity and overlap. The NGF's earlier report on Nigeria's tax reforms also warns that without rationalisation of sub-national levies and stronger enforcement against illegal charges, the reforms could remain largely federal-centric in their impact.

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ISSUES AND PROBLEMS: WHAT THE 2025 REFORMS DO NOT YET FIX

Persistence of Multiplicity at Sub-National Levels

The 2025 Acts do not themselves repeal state and local government taxes or harmonise their schedules; they focus mainly on federal tax heads and cross-cutting administration. As a result, horizontal and vertical multiplicity can persist: states and local governments may continue to impose numerous levies on the same underlying activities while federal taxes apply in parallel. Without a binding national list of permissible taxes per tier, backed by sanctions for non-compliance, the JRB's harmonisation role risks eing advisory rather than transformative.

Overlap Managed Administratively, Not Constitutionally

The NTAA and JRBEA address overlap largely through administrative coordination rather than a fundamental realignment of fiscal powers. Ambiguities in constitutional assignments (for example, around consumption and digital economy taxes) remain and could re-surface in litigation or state-level resistance. As Tope Adebayo & Co. note in their commentary, the new regime "replaces older frameworks and establishes a more unified, coordinated, and compliance-driven structure," but does not fully resolve underlying jurisdictional disputes. (JREBA, 2025; Ezeribe, I. et al. 2025)

Risk of New Compliance Burdens in a Weak Economy

Digitalisation under the NTAA—mandatory e-invoicing, Single Window, automated reporting—has clear efficiency and anti-evasion benefits, but also raises compliance and equity concerns in a staggering economy. Larger corporates may absorb the transition costs, but small and medium-sized enterprises, especially outside major urban centres, may struggle with connectivity, digital literacy and systems upgrading. Without carefully phased implementation and extensive taxpayer education, the reforms could unintentionally intensify compliance burdens and penalties in the short run, undermining their pro-growth intent. (Ezeribe, I. et al. 2025)

Reform Volatility and Predictability

Although the 2025 Acts mark a shift from incremental to structural change, there is still no explicit medium-term tax policy framework that would anchor expectations about the pace and direction of future reforms. Businesses worry that key parameters—rates, thresholds, incentives—could continue to change frequently through supplementary regulations or

further Acts, perpetuating policy uncertainty. In a fragile macroeconomic environment, such uncertainty can deter investment and formalisation, especially in sectors sensitive to tax-driven cost structures. (NTA 2025)

WAY OUT: TOWARDS A COHERENT, GROWTH-SUPPORTIVE TAX REGIME

As a lead paper, this section is deliberately prescriptive, offering an agenda for policymakers, administrators and researchers.

Comprehensive Tax Rationalisation with Sub-National Buy-In

Nigeria needs a comprehensive tax rationalisation exercise, anchored in the JRB but supported by political agreements at the National Economic Council and Governors' Forum. This should: (Abubakar, 2025)

1. Produce a binding, gazetted list of allowable taxes and levies for each tier, with clear legal bases.
2. Eliminate low-yield, high-friction taxes and informal levies, especially those that disproportionately affect the poor and SMEs.
3. Include sanctions (e.g., withholding of certain federal transfers) for sub-national entities that persistently impose illegal or duplicative charges. (Sandey and Chinwendu. 2025.

Clarification of Fiscal Powers and Shared Bases

A medium-term goal should be constitutional or quasi-constitutional clarification of taxing rights over key bases such as VAT, digital services and environmental levies. Options include:(Akewushola, 2025)

a. Assigning primary taxing rights but sharing revenues via formula to reduce rivalry.
b. Establishing framework legislation that defines federal standards while allowing limited state surcharges within agreed bands.

Such steps would reduce litigation and align incentives across tiers.

Medium-Term Tax Policy Framework and Reform Calendar

Nigeria should adopt a published Medium-Term Tax Policy Framework (MTTPF) aligning with the Medium-Term Expenditure Framework. This would:

a. Set clear principles (equity, simplicity, growth support, digitalisation) and targets (e.g., tax-to-GDP ratio) for a 3–5-year horizon.

b. Limit major law changes to fixed cycles (e.g., every three years) except in emergencies, allowing time for stakeholders to adjust and systems to stabilise.(NESG 2025; PWC 2025)
c. Require ex-ante impact assessments and ex-post evaluations of major reforms to prevent constant tinkering.

Inclusive Digitalisation and Administrative Capacity

For digital reforms to support rather than destabilise the economy, the NTAA's Single Window and e-compliance tools must be rolled out **inclusively**. This implies:

a. Tiered obligations: lighter, simpler digital requirements for micro and small taxpayers; more sophisticated reporting for larger entities.
b. Robust taxpayer education programmes (including vernacular materials, helpdesks, and collaborations with professional bodies like CITN) to build capacity.
c. Investment in tax administration staff training, data analytics and cyber-security to ensure that digital tools yield better risk-based enforcement rather than just more automated penalties.(Affiong, 2025)

Institutionalising Stakeholder Engagement and Transparency

Sustainable reform requires trust. The JRB, NTAA and NRS frameworks should be used to institutionalise:

a. Permanent stakeholder forums involving business associations, labour, CSOs and sub-national governments to discuss tax policy and administration on a regular schedule.
b. Transparent reporting on how additional revenue from reforms is used, linking tax effort to visible improvements in infrastructure, social services and debt sustainability.

Such measures can improve tax morale and help citizens and firms see reforms as part of a shared project rather than a unilateral extraction.

CONCLUSION: FROM ENDLESS REFORM TO STABLE EVOLUTION

The 2025 Nigeria Tax Laws represent an important step towards a more coherent, modern and equitable tax system. They consolidate fragmented provisions, elevate digitalisation and create new institutions for inter-governmental coordination. However, the persistence of multiplicity, incomplete resolution of overlapping tax powers and the risk of continued reform volatility mean that Nigeria is not yet out of the woods. Moving from a pattern of "endless

reform" to one of stable evolution will require a second-generation agenda that takes seriously the political economy of federalism, the realities of a staggering economy and the legitimate constraints faced by taxpayers and administrators.

The challenge—and opportunity—is to use the 2025 reforms as a platform for deeper, evidence-based dialogue on how Nigeria can finally deliver a tax system that is simpler, fairer, more predictable and genuinely development-oriented.

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