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THE NIGERIA TAX ACTS 2025 TRANSITION GUIDELINES: PRACTICAL IMPLICATIONS FOR TAXPAYERS AND BUSINESSES



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Introduction

The Nigeria Tax Reform Acts 2025 are now in force and represent a significant milestone in the country's tax reform journey. Although the debates surrounding their passage have largely subsided, the implementation of the Acts has sparked extensive discussions and varying opinions among stakeholders. The focus has now shifted to more practical issues relating to interpretation, implementation, and enforcement.

While the provisions relating to transaction taxes have not generated significant controversy, the more pressing concerns arise in the area of income taxation, particularly regarding the scope, interpretation, and application of certain provisions of the Nigeria Tax Act 2025. In addressing these issues, it is important not to overlook the role of judicial precedent in providing interpretative guidance where statutory provisions are ambiguous or open to differing interpretations. This becomes especially relevant where questions arise regarding the retrospective application of legislative provisions.

As highlighted in our previous publication of May 2026, judicial authorities have consistently provided valuable guidance on the circumstances under which tax legislation may operate retrospectively, as well as the legal and practical implications of such application for taxpayers, tax authorities, and other stakeholders. Consequently, an examination of established judicial principles remains critical in understanding the boundaries of the Act's application and assessing the validity of any retrospective tax obligations that may arise.

Recently, the Federal Ministry of Finance released the **General Transition Guidelines for the Tax Acts 2025** (the “Guidelines”), providing much-needed administrative clarity on the implementation of Nigeria's new tax regime, which became effective on 1 January 2026. The Guidelines establish the framework for transitioning from the repealed tax laws to the Tax Acts 2025 while reaffirming that the new legislation is to be applied prospectively rather than retrospectively.

Although the publication of the Guidelines resolves several implementation uncertainties, it also raises important compliance questions for taxpayers who had already filed tax returns under the new tax regime before the Guidelines were issued on 18 June 2026. Businesses must now determine whether previously filed returns remain valid, whether amendments may be required, and how ongoing audits, assessments, and incentive claims should be managed during the transition period.

This article examines the key provisions of the Guidelines, analyses their practical implications for taxpayers, and highlights the immediate actions businesses should consider to ensure compliance under Nigeria's evolving tax framework.

Background

While the substantive provisions of the new legislation became operational on 1 January 2026, the transition from the repealed tax laws inevitably created practical questions for taxpayers, tax practitioners, and revenue authorities. Businesses were required to determine which legal framework governed their tax obligations where accounting periods, transactions, or tax compliance activities spanned both regimes. Questions also arose regarding the treatment of pending audits, tax disputes, existing incentives, and returns that became due shortly after the commencement of the new legislation.

Recognising these implementation challenges, the Honourable Minister of Finance and Coordinating Minister of the Economy issued the General Transition Guidelines pursuant to Section 144 of the Nigeria Tax Administration Act 2025 and Section 200 of the Nigeria Tax Act 2025. The Guidelines are intended to facilitate a smooth transition to the new tax framework by providing practical direction to taxpayers and revenue authorities, including the establishment of a Transition Implementation Committee.

Rather than introducing new tax obligations, the Guidelines clarify how existing rights and obligations should be treated during the transition period. Consequently, they are likely to influence not only future tax compliance but also the administration of returns already filed, ongoing tax audits, and pending disputes.

Key Highlights of the Transition Guidelines

A. The New Tax Acts Apply Prospectively

One of the most significant aspects of the Guidelines is the clear confirmation that the Tax Acts 2025 are to be applied prospectively.

This principle is particularly important because taxpayers had expressed concerns that certain provisions of the new legislation could inadvertently affect transactions, assessments, or compliance obligations relating to periods before the commencement of the Acts.

The Guidelines eliminate this uncertainty by confirming that no tax, penalty, interest, surcharge, or administrative obligation created under the new legislation applies to any period before 1 January 2026. Similarly, assessments, compliance reviews, audits, and enforcement actions relating to pre-commencement periods must continue to be administered under the repealed tax laws.

From a policy perspective, this reflects one of the fundamental principles of sound tax administration—that taxpayers should not be subjected to obligations that did not exist at the time the underlying transactions occurred. By expressly prohibiting retrospective application, the Guidelines reinforce legal certainty and reduce the risk of unnecessary disputes between taxpayers and the relevant tax authorities.

For businesses, this clarification provides assurance that historical transactions remain subject to the legislative framework under which they were undertaken, notwithstanding the commencement of the new tax regime.

B. Filing Obligations Depend on the Accounting Period – Not the Filing Date

Perhaps the most practical clarification contained in the Guidelines relates to the determination of the applicable tax framework for filing returns.

Accordingly:

- Tax returns relating to accounting periods ending before 1 January 2026 are to be prepared under the repealed tax laws;
- Returns relating to accounting periods ending on or after 1 January 2026 are to be filed under the Tax Acts 2025; and
- Existing filing forms remain valid until new forms and electronic templates are formally introduced by the relevant tax authorities.

This clarification resolves one of the most significant implementation issues faced by taxpayers during the first half of 2026.

For example, many companies with September, October, or November 2025 year-ends are required to file their income tax returns after the commencement of the Tax Acts. Prior to the issuance of the Guidelines, uncertainty existed as to whether such returns should be prepared under the repealed Companies Income Tax Act or under the new Nigeria Tax Act.

The Guidelines now make it clear that the determining factor is the accounting period itself. Consequently, companies with accounting periods ending before 1 January 2026 remain subject to the repealed legislation, even where their filing obligations arise after the commencement of the new Acts.

This approach aligns with internationally recognised transition principles and preserves consistency in the taxation of accounting periods.



What About Taxpayers Who Have Already Filed?

While the Guidelines answer many technical questions, they also raise an issue that will affect a considerable number of businesses—namely, the status of tax returns filed before the publication of the Guidelines.

Between January 2026 and the date the Guidelines were issued, many taxpayers had already prepared and submitted returns based on their interpretation of the new tax legislation due to the absence of formal transitional guidance. This position was further influenced by the implementation of Rev 360, which had been configured in line with the provisions of the Nigeria Tax Act 2025.

The issuance of the Guidelines now provides the benchmark against which those earlier filings must be assessed. Importantly, the implications are not uniform. Whether any corrective action is required depends primarily on the accounting period to which the return relates.

For taxpayers whose accounting periods ended on or after 1 January 2026, the Guidelines largely validate the filing positions already adopted. Their returns remain broadly consistent with the intended application of the Tax Acts.

However, the position is less straightforward for taxpayers whose accounting periods ended before 1 January 2026 but whose filing obligations arose after the commencement of the new tax regime. For these taxpayers, the Guidelines clearly state that the repealed legislation remains the applicable legal framework, regardless of the filing date.

Way Forward and Conclusion

The issuance of the General Transition Guidelines marks an important milestone in the implementation of Nigeria's tax reform programme. More importantly, it provides long-awaited certainty on several transitional issues that had generated considerable debate within the tax community.

However, in our view, further efforts are required by the regulatory authorities to close existing expectation gaps and strengthen taxpayer and stakeholder confidence in the rule of law.

Furthermore, the issuance of the Guidelines introduces an important compliance exercise for taxpayers who filed returns during the first half of 2026. While the Guidelines validate returns relating to accounting periods ending on or after 1 January 2026, taxpayers with accounting periods ending before that date should begin reassessing the potential impact of the Guidelines on their tax positions and operations.

Depending on the specific facts and circumstances, this may require the filing of amended returns or, where commercially advantageous, an application to the relevant tax authority under Paragraph 10.1.2(4) to retain the filing position adopted under the new legislation. Early engagement with the relevant tax authority may help mitigate future audit disputes and reduce exposure to additional assessments.

Ultimately, the success of Nigeria's tax reform programme will depend not only on the quality of the legislation but also on its consistent, predictable, and equitable implementation. The Transition Guidelines represent a significant step towards achieving that objective by reinforcing the fundamental principles of legal certainty, administrative fairness, and non-retroactivity.

As the implementation of the Tax Acts 2025 continues to evolve, taxpayers and practitioners should remain vigilant, monitor further administrative guidance, and proactively assess the implications of the transition framework on their tax compliance obligations.

TAC will continue to monitor developments and provide timely insights, analysis, and updates on issues arising from the interpretation and application of the Acts as implementation progresses.

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