

NEWSLETTER

September 2026

INSIGHTS | COMPLIANCE | SUSTAINABLE GROWTH

EIGHT MONTHS IN

₦27 Trillion in Eight Months:

Nigeria's Tax Reform Is
Working for Government –
What About for Business?

A business-readiness review of Nigeria's 2025
tax reform laws, eight months into implementation,



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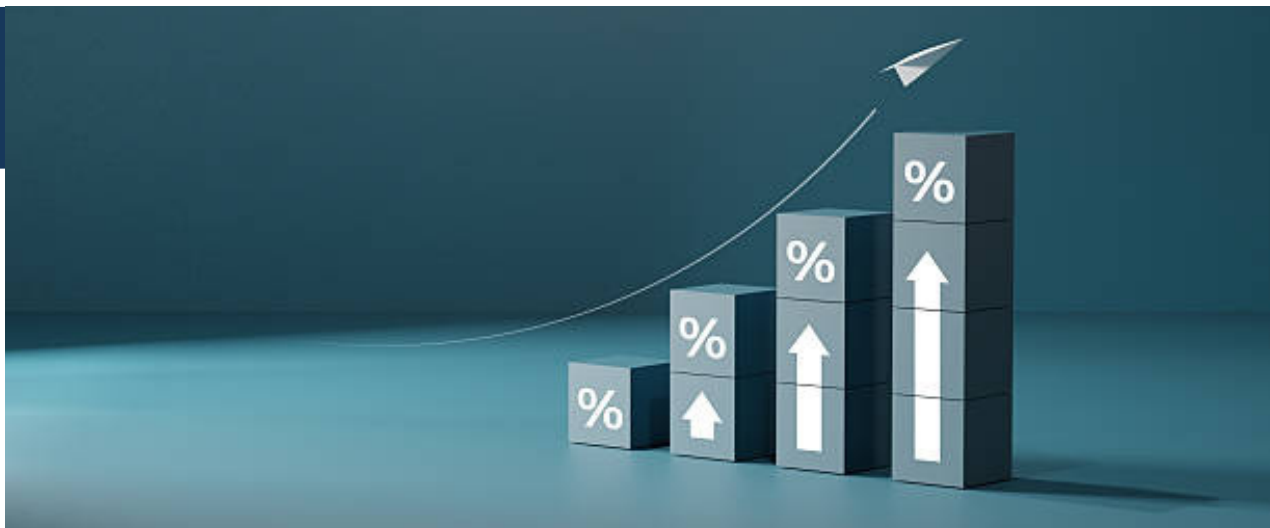


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EXECUTIVE SUMMARY

Eight months after Nigeria Tax Act 2025 commenced on 1 January 2026, the government's side of the ledger looks strong: the Nigeria Revenue Service (NRS) collected ₦27.1 trillion between January and July 2026, already 95.76% of everything it collected across the whole of 2025. That is a genuine administrative achievement and it is not this edition's main subject.

The more useful question for a business reading this is different: has the burden of running a compliant company risen in step with government's take and if not, what has actually changed underneath it? The honest answer is that revenue collection and taxpayer burden are not moving in lockstep, the evidence for a one-to-one relationship is thinner than the headline number suggests. What is better evidenced is that the nature of compliance itself has changed: more data-driven, more document-dependent and less forgiving of the process gaps that used to slip through unnoticed. That shift, not the ₦27.1tn figure, is what should be occupying management's attention now.

01 THE HEADLINE NUMBERS, IN BRIEF

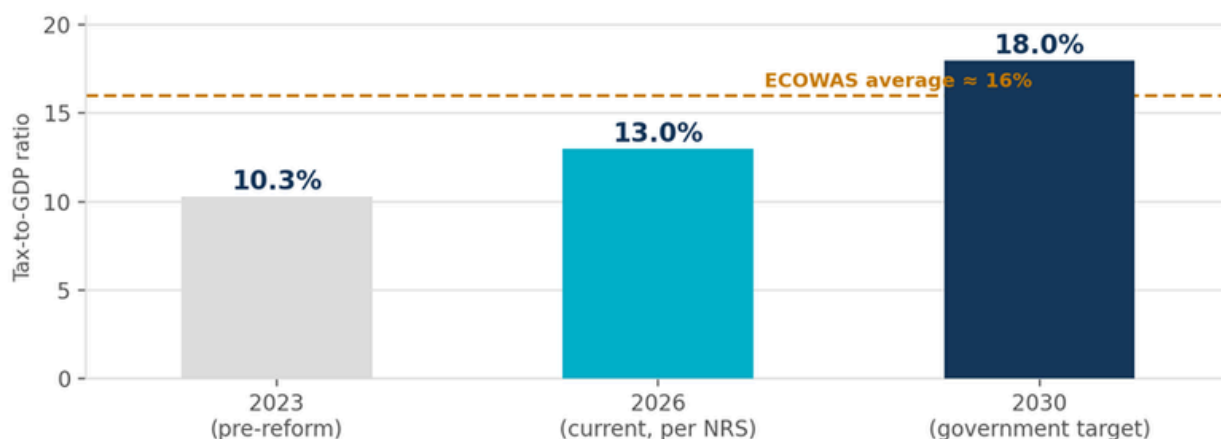
What Government Is Reporting, and What It Doesn't Yet Show

₦27.1tn NRS collections, Jan-Jul 2026	95.76% of NRS FY2025 total, matched in 7 months	66.57% of the FY2026 target, met by July	70.8% of businesses cite high/multiple taxation as their top constraint
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The NRS attributes the increase to a mix of digitisation, the four reform laws taking effect together, the institutional shift from FIRS and the closure of prior compliance loopholes. That is the NRS's own explanation, not an independently isolated finding and the two should not be read as the same thing. One caveat is worth stating plainly: publicly available data does not separate how much of the ₦27.1tn reflects newly captured taxpayers versus existing taxpayers now paying more accurately, a distinction that matters more to your own risk assessment than the headline figure itself.



Nigeria's Tax-to-GDP Ratio: Progress and the Remaining Gap



Source: NRS Executive Chairman Dr Zacch Adedeji, public remarks, Aug 2026; ECOWAS average as commonly cited in Nigerian financial press

Nigeria's tax-to-GDP ratio has moved from 10.3% (2023) to roughly 13% (2026), against a government target of 18% by 2030 and an ECOWAS regional average of approximately 16%.

02 THE BUSINESS EXPERIENCE

Where You're Feeling Relief, and Where Compliance Is Getting Harder

This is the part of the reform that matters more to your business than the revenue headline: several changes genuinely reduce your burden, and the survey data below shows that, for most companies, the day-to-day experience of compliance is still more demanding than the reform's architects intended, not less.

Where relief is real:

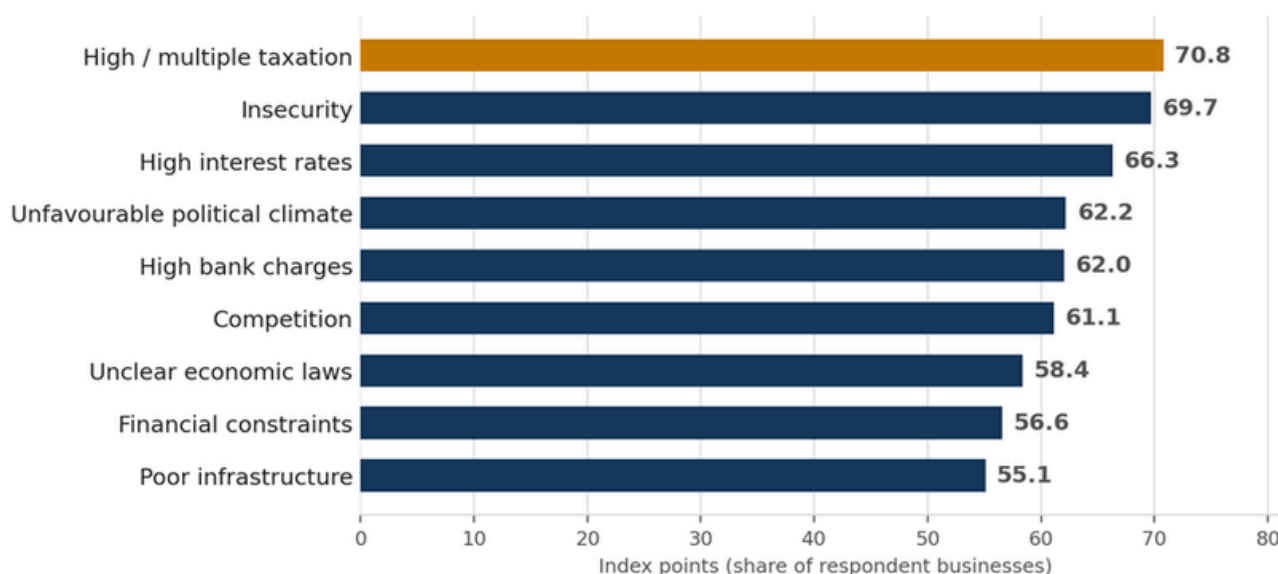
- Small companies (turnover ≤ ₦100m, fixed assets ≤ ₦250m) are exempt from Companies Income Tax, Capital Gains Tax, and the new 4% Development Levy. That levy itself consolidates four previous overlapping charges, Tertiary Education Tax, the NITDA levy, the NASENI levy and the Police Trust Fund levy, which totalled 4.255% under the old system, into one simpler charge.
- The list of VAT zero-rated and exempt items has expanded to cover categories that, per Finance Minister Taiwo Oyedele (formerly chairman of the Presidential Fiscal Policy and Tax Reforms Committee), account for roughly 82% of household consumption. Separately, the minister has put the value of input-VAT credits now recoverable by businesses, on assets, overheads and inventory, at approximately ₦3.4 trillion based on 2024 VAT collection levels, credits many businesses could not previously claim. The extent to which any individual business benefits from either change still depends on its own products, inputs and supply chain.
- Manufacturers, one of the sectors most exposed to the old multiple-levy structure, paid ₦74.48bn in Companies Income Tax in Q1 2026, down 30.98% year-on-year from ₦107.90bn in Q1 2025, per National Bureau of Statistics data reported by Punch. That fall is consistent with the sector genuinely carrying a lighter direct tax load under the new framework, even as other costs remain high.



Where the burden is real:

- The Central Bank of Nigeria's Business Expectations Survey for July 2026 (1,900 firms) found that high and multiple taxation was, at 70.8 index points, the single most-cited constraint on business, ahead of insecurity (69.7), high interest rates (66.3), an unfavourable political climate (62.2) and high bank charges (62.0). The chart below shows the full ranking.

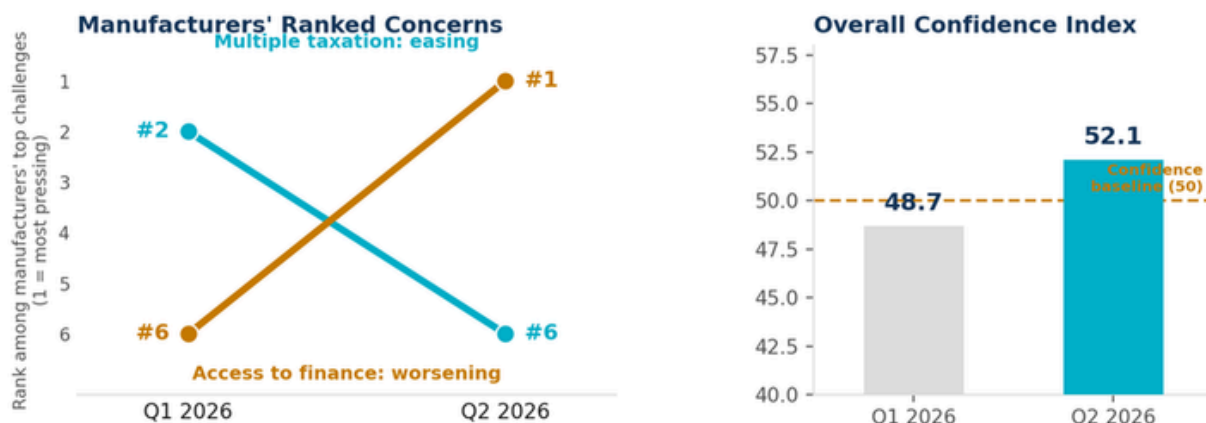
Top Business Constraints in Nigeria, July 2026



Source: Central Bank of Nigeria, Business Expectations Survey, July 2026 (n=1,900 firms)

Read alone, that chart is the whole story you'd expect: tax is still the number one complaint. Read against the Manufacturers Association of Nigeria's own Confidence Index for the same two quarters, a materially different, more favourable picture of the reform's direction emerges, one that a single economy-wide survey snapshot doesn't capture.

MAN Manufacturers' CEOs Confidence Index: The Reform's Other Side



Source: Manufacturers Association of Nigeria, MCCI, Q1 & Q2 2026, as reported by Leadership, Vanguard, Guardian Nigeria and THISDAY



The Manufacturers Association of Nigeria attributes part of that improvement directly to the reform, alongside the Nigeria Industrial Policy and the 'Nigeria First' Policy, while still noting that manufacturers continue to receive visits from multiple tax collectors and regulators, and that the law's full relief has not yet been felt on the ground.

MAN also reports that the reform has consolidated what it counted as 120-160 separate taxes and levies on manufacturers into nine revenue heads on paper, a simplification that has not yet fully translated into fewer visits in practice. Read together, the two surveys are not contradictory: taxation remains the most-cited constraint in the economy at large, and it is simultaneously becoming a smaller part of the problem for the one sector, manufacturing, tracking it quarter to quarter. Both things are true at once, and a management team relying on only one of these data points would be working from half the picture.



Source: MAN

- Exemption from tax liability has not meant exemption from compliance work. Every business, including those with zero tax liability, must hold a Tax ID, file annual returns with the NRS, and keep financial records that can substantiate the turnover and asset figures used to claim the small-company exemption. Separately, the VAT registration threshold itself remains ₦25m in annual turnover, so a great many small businesses sit above the VAT line even while qualifying for small-company income tax relief, two separate tests that are easy to conflate.
- Following the July 2026 compliance-enforcement deadline for large taxpayers, industry reporting (Templars Tax Digest, July 2026) indicated that a significant number of affected businesses had still not completed onboarding to the Merchant Buyer Solution platform. The stakes for delay are concrete: Section 103 of the NTAA imposes a ₦1 million penalty for a first day of default in granting the NRS access to deploy its technology, plus ₦10,000 for every subsequent day, while Section 104 imposes a separate ₦200,000 administrative penalty, 100% of the tax due, and interest at the CBN's monetary policy rate plus 2%, for taxable supplies that are never routed through the platform at all. The live question for management now isn't whether e-invoicing is coming, it's how well the systems are actually functioning in practice, and how quickly medium-sized businesses can finish the same transition before their own enforcement window opens.

Olumide Akinsola, Nigeria Country Director at DigiTax, an NRS-accredited e-invoicing platform, made a related point at an industry compliance briefing in Lagos in July 2026: a business that has integrated its own systems can still carry exposure if its suppliers and counterparties have not done the same, since the value of the e-invoicing framework depends on consistent adoption across trading partners, not individual compliance alone, a conversation for the CFO's office as much as the tax team.

03 THE OPERATIONAL SHIFT

Why Tax Readiness Is Becoming Everyone's Job, Not Just Finance's

Put the last two sections together and the pattern is clear: tax risk is moving out of the tax return and into the underlying business process. A VAT treatment error can originate in procurement. An e-invoicing failure can originate in an ERP configuration choice made months ago. An audit documentation gap can originate in how contracts and invoices were filed and archived long before anyone from the NRS made contact.

That makes tax readiness an enterprise-wide issue that touches procurement, IT, contracts and commercial teams, not only the finance function. Businesses that continue to treat it as a finance-department problem are, in our experience, the ones most likely to be caught unprepared.

04 WHAT SAC IS SEEING

Anonymised Patterns from Recent Readiness and Audit-Support Engagements

Across recent engagements spanning property, financial services and consumer-facing businesses, a consistent pattern has emerged that isn't specific to any one sector:

- Management understands the headline changes in the law but hasn't translated them into what the business actually has to do differently in its own processes.
- Finance, tax and commercial teams are often working from different assumptions about how a transaction should now be treated, because no single internal owner has reconciled the new rules against existing contracts and systems.
- Documentation that would previously have been adequate for a routine engagement is frequently insufficient for the timelines and evidentiary standards now applied in live NRS audit exercises.
- Businesses that are compliant on paper aren't always able to demonstrate that compliance quickly under time pressure, which is precisely the pressure a field audit or monitoring visit creates.



We have supported clients through active NRS audit exercises covering multiple accounting years, and delivered a full NTA 2025 Implementation Readiness Assessment for multi-revenue-stream businesses, assessing exposure before any notice was received, not after. In every case, the businesses that had done the reconciliation work before the NRS made contact were negotiating from a position of preparation; those that hadn't were negotiating from a standing start.

"We knew the law had changed. What we had not fully appreciated was how many of our existing processes would need to change with it."

A common client realisation, an anonymised observation drawn from recent SAC readiness-assessment engagements.





05 A READINESS TEST FOR YOUR LEADERSHIP TEAM

Five Questions Worth Putting to Management This Quarter

- What has actually changed in our tax position under the new regime? If the honest answer is 'no' or 'unsure', you may be relying on a January understanding that is now out of date.
- Have we quantified the financial impact, not just read the legislation? If not, exposure is unmeasured, not managed.
- Can our systems and records withstand data-driven tax scrutiny? If you're unsure, a transaction-level review will surface these gaps before you're forced to address them under audit pressure.
- Are our contracts, transactions and commercial arrangements tax-ready? If not, legacy terms may be creating exposure no one has reviewed.
- If the NRS contacted us tomorrow, could we substantiate our tax position quickly? Without preparation, the business will be responding under pressure rather than from a position of readiness.



HOW SAC CAN SUPPORT YOU

Tax Reform Readiness Assessment



The lesson is straightforward: readiness is most valuable before the notice arrives. That is the entire case for a proactive assessment, spanning regulatory review, tax exposure mapping, transaction and contract review, process and internal-control review, systems and data readiness, compliance gap identification, risk prioritisation, a practical remediation roadmap, and a management briefing, organised around four pillars:

- Tax Reform Readiness Assessment - understand your specific exposure under the NTA regime and identify priority gaps.

- Tax Health Check & Compliance Review - assess your current position across CIT, VAT, WHT, CGT and filing compliance.
- Systems, Data & E-Invoicing Readiness - ensure your systems can support the new reporting environment, including the Merchant Buyer Solution.
- Tax Governance & Ongoing Advisory - build internal ownership, brief your management team, and maintain readiness as enforcement evolves.

REACH OUT

If your business hasn't yet translated the new regime into a documented assessment of its own exposure, processes and systems, now is the time to do so. Reach out to SAC to discuss a Tax Reform Readiness Assessment.

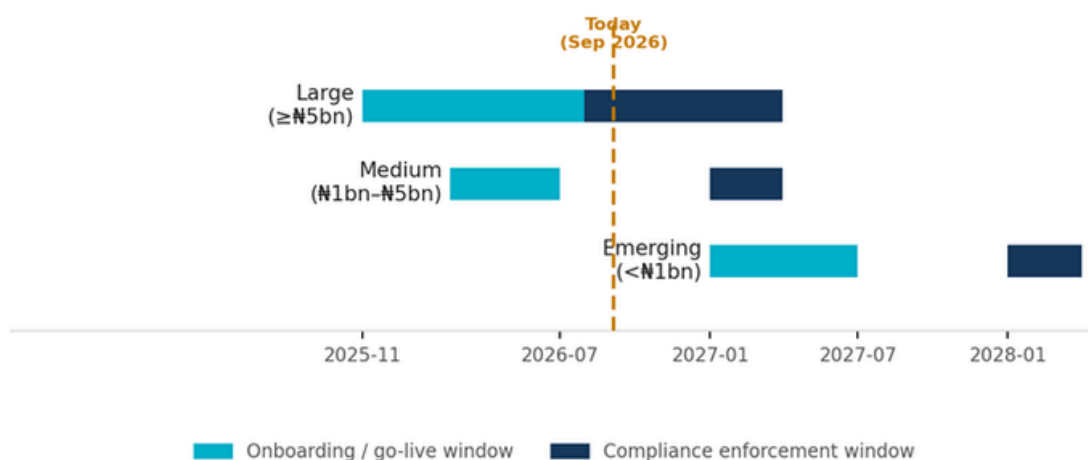


LOOKING AHEAD

Your Next Deadline May Be Closer Than It Looks

If your business turns over between ₦1bn and ₦5bn, e-invoicing enforcement for your category runs January-March 2027, not some distant future date. Businesses below ₦1bn join the digital net from July 2027, with enforcement following January-March 2028. The direction across all three phases is the same: compliance monitoring is becoming more data-driven and less forgiving of process gaps that used to go unnoticed. The businesses that use the time between now and their own enforcement window to close the gaps identified in this edition will meet it from a position of readiness, not reaction.

NRS E-Invoicing Rollout: Where Each Taxpayer Tier Stands



Large taxpayers are already inside their enforcement window. Medium and emerging taxpayers still have a runway, but it is shorter than it feels.

The question is no longer whether the tax regime has changed. It is whether your business has changed with it.

Segun Awosanya & Co. is tracking this rollout in real time on behalf of our clients. Reach out to our team today.



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