



COMMUNIQUE ON NIGERIA'S LANDMARK TAX REFORMS 2025:

LEGAL, BUSINESS AND INVESTMENT IMPLICATIONS'

WEBINAR

9th October 2025

12:00 PM – 1:30 PM

Corporate and Commercial Group (CCG)
Advocaat Law Practice

 LAGOS | ABUJA | CALABAR

On 9th October 2025, the Corporate and Commercial Group (“CCG”) team of **Advocaat Law Practice** hosted a critical webinar titled *‘Nigeria’s Landmark Tax Reforms 2025: Legal, Business, and Investment Implications.’* The event was specifically designed to cut through the complexity of Nigeria’s recent tax reforms, delivering clear, actionable insights to stakeholders across key sectors, including investment, shipping, and oil & gas industries. The conversation began with a captivating introduction by the moderator, Oluwatimilehin Ilori, an Associate within the CCG team, who emphasised the profound significance of these new reforms. He noted that while the harmonisation may appear straightforward, its impact across multiple sectors and the need for clarification on certain provisions of the reforms, especially the Nigeria Tax Act 2025 and the Nigeria Tax Administration Act 2025, cannot be overlooked. Against this backdrop, the Firm assembled a diverse and highly experienced panel of industry professionals and experts at the forefront of taxation and regulatory matters, who offered a comprehensive, multi-sector perspective through interactive discussions, live polling, and engaging Q&A sessions.

The panel featured a highly experienced group of speakers drawn from the corporate, tax, and finance sectors. **Mr Ayo Salami**, *Partner and Head of the Energy and Natural Resources practice at KPMG in West Africa*, brought over 30 years of unparalleled expertise advising clients on tax and regulatory issues across major sectors like Oil and Gas and Financial Services. **Mr Dipo Okuribido**, *Senior Vice President, Legal at Verod Capital Management and Verod-Kepple Africa Ventures*, provided an invaluable perspective on private equity and venture capital, leveraging nearly two decades of experience in complex mergers, acquisitions, and corporate restructuring across the continent. **Mr Eben Joels**, *Co-Founder of Stransact Chartered Accountants*, is uniquely qualified as a dual-certified Public Accountant and a licensed attorney in the USA, specialising in International Tax, IFRS, and complex transaction support. Finally, **Mr Adeyemi Adeniran**, *Partner in the Commercial Practice Group of Andersen in Nigeria*, offered a dual perspective shaped by senior roles in both professional services and industry, including his prior position as Group Head of Tax at Flour Mills of Nigeria Plc, bringing unrivalled experience in enhancing tax efficiency.

Before the substantive panel discussion began, the session ignited a discussion with a live poll that cut straight to the heart of tax compliance. Participants were asked to weigh in on who holds the primary responsibility for ensuring successful tax compliance in Nigeria: the Government through the creation of clear and simplified laws, or the taxpayer through diligent understanding and adherence to new tax laws. This inquiry aimed to highlight the inherent tension within the current reforms, the expectation for government bodies to create a unified, fair tax system versus the absolute legal duty of businesses and individuals to ensure compliance. The poll successfully served as a timely setup for the ensuing expert discussion, which would go on to dissect the legal, operational, and business expectations around accountability and enforcement within Nigeria’s evolving tax landscape.

2025 tax reform, the most significant since Nigeria’s independence!

The panel discussion began by addressing changes in the petroleum sector. Mr. Ayo Salami started by acknowledging the 2025 tax reform as the most significant since Nigeria’s independence, stating that the provisions of the Petroleum Industry Act (“PIA”) were largely retained except in a few areas. For instance, the taxation of deep offshore operations is now under the purview of the Hydrocarbon Tax, requiring operators

to review and adjust their business models accordingly to ensure compliance. A notable administrative change involves the transition of royalty administration from the Nigerian Upstream Petroleum Regulatory Commission to the Nigeria Revenue Service (“NRS”), meaning royalties must now be reported and filed monthly directly to the NRS, streamlining the process and improving regulatory oversight.

Funds specifically for financing the decommissioning and abandonment of oil and gas fields, are now tax-deductible expenses!

Mr. Salami also explained that contributions to funds or schemes approved by the Nigerian Upstream Regulatory Authority Commission, specifically for financing the decommissioning and abandonment of oil and gas fields, are now tax-deductible expenses. Companies must submit a Statement of Account detailing contributions, earnings, and disbursements, and any surplus funds remaining after decommissioning activities are completed will be treated as taxable income, ensuring accountability. Concerning the implications of replacing the Petroleum Profit Tax Act (“PPTA”) with the dual system of Hydrocarbon Tax and Company Income Tax, Mr. Salami outlined key conditions precedent for the conversion of an Oil Mining Lease to an Oil Prospecting License, citing Section 92(3) of the PIA as affirmed by the Nigerian Tax Act. He stated that a Licensee is required to terminate all outstanding arbitration or court cases relating to the license, the conversion must render any guarantees previously provided by the defunct Nigerian National Petroleum Company null and void, and the licensee must forgo the application of Sections 11 and 12 of the repealed PPTA as they relate to gas operations. In view of this, international oil companies must be strategic in determining how this conversion will affect the company’s return on investment.

Mandatory disclosure of tax planning arrangements might unduly affect small businesses!

Following the discussion on the energy sector, the conversation shifted towards the effect of the tax reforms on small businesses. Mr. Joels acknowledged the concern that the mandatory disclosure of tax planning arrangements might unduly affect small businesses, that often have limited resources compared to large corporations. He expressed his opinion that the NRS is expected to have reached a maturity level where it is equipped to administer these rules thoughtfully in a way that targets complex tax planning by larger entities, while minimising undue compliance burdens on small businesses. He added that, like other countries, additional incentives for small businesses should have been included to enable them to serve as the engine of Nigeria’s economic growth, suggesting that some new provisions could potentially stifle small business growth. Regarding VAT, he stressed the essential need for small business owners to constantly monitor their sales and turnover to accurately determine when they exceed the threshold.

The EDTI offers tax credits on qualifying profits that can offset future tax liabilities for up to five years!

Speaking on the impact of government incentives, Mr. Adeniran shared his insights on the replacement of the Pioneer Status Incentive with the Economic Development Tax Incentive (“EDTI”). He stated that the

EDTI establishes a more targeted, performance-based incentive framework, focusing on high-impact sectors and requiring significant capital investment. Unlike tax holidays, the EDTI offers tax credits on qualifying profits that can offset future tax liabilities for up to five years. This new regime offers a more transparent, incentive-driven tax environment, promoting reinvestment and enhancing long-term returns. He added that while qualified companies will still be subject to tax, the EDTI allows for a tax credit that offsets payable amounts, thereby encouraging productive investment rather than blanket exemptions. Mr. Adeniran advised investors to undertake a cost-benefit analysis before opting in to determine whether the incentive justifies their investment commitment.

Nigerian policies have often negatively impacted foreign investors!

The conversation then moved to the implications of the tax reform act on foreign direct investments (“FDIs”), with Mr. Okuribido observing that Nigerian policies have often negatively impacted foreign investors, many of whom channel their investments through offshore holding companies. He explained

how the new law affects capital gains tax on FDIs, noting that while the law now seeks to capture indirect taxes, there remains limited clarity on how such foreign investments will be taxed, especially regarding currency issues. He highlighted the practical challenges where a foreign investor imports capital in Naira but intends to repatriate profits in U.S. Dollars. According to him, this uncertainty could discourage FDI inflows if not addressed promptly. He also critiqued the tax reform for not sufficiently tailoring international tax models to local realities. For example, private equity firms deriving over 50% of their value from Nigerian assets may face challenges due to the NRS’s limited capacity to effectively determine tax thresholds, potentially causing compliance difficulties for taxpayers in this sector. He cautioned against the practice of replicating laws from foreign jurisdictions without contextual understanding and concluded on a note of optimism that while the times may be challenging, *“resilient investors will always find ways to navigate the system.”*

In response to a question on the implications of the tax reforms in the shipping industry, Mr. Adeniran stated that there is a clear tax obligation on foreign shipping companies that earn revenue from Nigerian outbound business. These non-resident companies are subject to Nigerian tax on shipping activities, with a minimum tax liability of 2% on Nigerian-source gross revenue, payable monthly regardless of whether or not they made profit. While this ensures steady revenue collection, the requirement for annual and monthly filings appear burdensome and potentially inconsistent with the other provisions of the Act. Mr. Adeniran is hopeful that the government will issue operational guidelines to clarify and streamline compliance.

In conclusion, the webinar provided a robust platform for stakeholders to understand the fundamental shifts introduced by Nigeria’s 2025 tax reforms. While the reforms promise enhanced clarity, improved administration, and better alignment with global practices, participants highlighted areas needing further guidance, particularly around operationalisation and practical compliance challenges. Overall, the reforms mark a landmark milestone for Nigeria’s tax landscape, with significant implications for the legal, business, and investment environments across sectors.

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