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**A NEW DAWN FOR NIGERIA: A CRITICAL
LOOK AT NIGERIA'S NEW TAX
LANDSCAPE**



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President Bola Ahmed Tinubu has launched a sweeping overhaul of Nigeria's tax system, aimed at boosting revenue, easing the burden on low-income earners and small businesses and promoting economic growth. The reforms address long-standing issues such as tax duplication, inefficiency, and lack of clarity.

At the core of these reforms are four major laws passed in June 2025. These consolidate over 50 fragmented tax legislations into a unified framework, simplifies tax administration and establishes a new, autonomous Nigeria Revenue Service (NRS), replacing the FIRS. The NRS will manage both tax and non-tax revenues using a modern, tech-driven approach to improve compliance and reduce leakages.

Key features include a reduction in the Company Income Tax (CIT) rate from 30% to 27.5%, with a further drop to 25% in 2026. Small businesses with annual turnover below ₦50 million are now exempt from CIT entirely. Personal Income Tax reforms mean only those earning above ₦800,000 annually will pay, while individuals earning up to ₦1 million can benefit from a ₦200,000 rent relief. Also, essential goods and services such as food, healthcare, and education are now exempt from VAT.

To encourage state-level economic activity, VAT sharing formulas have been revised to reward states that generate more economic value. Meanwhile, oil and gas operators can now claim up to 20% in tax credits for cost-efficiency investments, and import duties on food and pharmaceuticals have been waived temporarily to curb inflation.

These reforms aim to raise Nigeria's tax-to-GDP ratio from about 10% to more sustainable levels while fostering a fairer, more transparent system. The government hopes the simplified structure and targeted reliefs will increase voluntary compliance and stimulate business growth.

While successful implementation remains a challenge, Tinubu's tax reforms represent a bold attempt to modernize Nigeria's fiscal framework, promote equity, and set the foundation for long-term economic stability and inclusive development.
