# CALL FOR INPUTS INTO THE FINANCE BILL 2027

## PROPOSALS FOR THE DEVELOPMENT OF THE FINANCE BILL 2027

*Bridging inequality, promoting fair taxation, and strengthening Nigeria's competitiveness and economic governance*

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| **Sector/Industry** | Non Profit |
| **State/Location** | Abuja, FCT |
| **Date** | 10th September 2026 |

## 1. Executive Summary

This submission proposes targeted amendments to the Nigeria Tax Act, 2025, the Nigeria Tax Administration Act, 2025, the Joint Revenue Board of Nigeria (Establishment) Act, 2025, and selected public financial management provisions The proposals prioritises vertical and horizontal equity, protection of low-income taxpayers and small businesses, proportional enforcement, transparent tax expenditures, effective taxpayer remedies, and stronger institutional accountability.

The key headings for this submission are as follows:

- Index income-tax bands and key monetary thresholds to preserve reliefs against inflation.
- Reduce cliff effects for growing small companies and calibrate penalties to taxpayer size and culpability.
- Protect access to tax appeals and require interest on delayed refunds.
- Create transparent, evidence-based controls for exemptions, remissions and tax incentives.
- Improve representation, independence and enforceability within the tax dispute-resolution framework.

## 2. Proposal Matrix

| Issue | Relevant Law and Existing Provision | Proposed Amendment / Draft Provision | Justification, Evidence and Expected Impact |
|---|---|---|---|
| ISSUE 1 | | | |
| Inflation has eroded the real value of the individual tax-free band and progressive rate thresholds, increasing the relative burden on low- and middle-income earners. | Nigeria Tax Act, 2025, section 58 and the Fourth Schedule: individual income-tax rates and bands. | Amend section 58 by inserting: "(3) The monetary bands in the Fourth Schedule shall, on 1 January of every year, be adjusted by the percentage change in the Consumer Price Index published by the National Bureau of Statistics for the twelve months ending 30 September of the preceding year where there is a significant change in the rates. (4) The Minister shall publish the adjusted bands in the Gazette not later than 30 November, and an adjustment under this subsection shall not reduce any band."<br><br>Proposing a CPI Indexed PIT bands against the frozen tax bands that is existing now. | Preserves progressivity, prevents fiscal drag, protects disposable income and improves legitimacy of the tax system. Annual automatic indexation is more predictable than irregular discretionary reviews.<br>This is being done in other countries like UK, Australia.<br>This model will encourage administrative simplicity and equity, predictability and reduce constant review of the laws. |
| **Issue 2** | | | |
| Fixed administrative penalties can be disproportionately severe for micro and small taxpayers and may punish inadvertent non-compliance more heavily than the underlying revenue risk. | Nigeria Tax Administration Act, 2025, sections 100-127 and 128-137; section 65 on penalty and interest. | Insert a general proportionality clause: "In imposing an administrative penalty, the relevant tax authority shall consider the tax at risk, turnover, duration, compliance history, voluntary disclosure and degree of culpability. For a first default by a small business that causes no loss of revenue, the authority shall issue a compliance notice and allow not less than 30 days to remedy the default before a monetary penalty is imposed, unless the default involves fraud or deliberate concealment." | Promotes fair enforcement, increases voluntary correction, reduces barriers to formalisation and reserves severe sanctions for deliberate or repeated non-compliance. |

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| **Issue 3** | | | |
| The immediate movement from the small-company rate to the standard company rate creates a growth cliff and may encourage artificial business fragmentation. | Nigeria Tax Act, 2025, sections 56 and 202, including the definition of "small company"; section 59 on Development Levy. | Insert a transitional company regime: "A company that ceases to qualify as a small company solely because its turnover exceeds the prescribed threshold by not more than 50% shall, for the first two consecutive years, be entitled to a transition credit equal to 50% and 25%, respectively, of the difference between tax computed at the standard rate and tax that would have been payable as a small company. Connected persons carrying on substantially the same business shall be aggregated." | Smooths the tax cliff without creating a permanent exemption, encourages firms to scale, and includes an anti-fragmentation rule to protect revenue. |
| **Issue 4** | | | |
| Best-of-judgment and deemed-profit assessments depend on broad discretion and may disadvantage informal businesses and taxpayers who cannot afford costly professional representation. | Nigeria Tax Administration Act, 2025, sections 35 and 38. | Insert after section 38: "An assessment under sections 35 or 38 shall state the material facts, data source, comparable taxpayers or industry benchmark, adjustments made, calculation method and reasons for rejecting information supplied by the taxpayer. | Improves procedural fairness and consistency, reduces arbitrary assessments and gives compliant taxpayers a realistic basis for objection. |
| **Issue 5** | | | |
| Clash between Best of Judgement principle and the Presumptive Tax Regulations | NTA section 29; NTAA Section 36 & 38 | | Best of judgement principle should be used in the process of determining the chargeable tax rate for the individuals which will be stated in the presumptive tax Regulations after which it should not be used "spontaneously "by the tax administration as it is exposed to the risk of discretion. |

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| **Issue 6** | | | |
| Tax refunds may be delayed without compensation, transferring the financing cost of government administration to taxpayers. | Nigeria Tax Administration Act, 2025, sections 55 and 56. A 292 - 3 | Amend sections 55 and 56 by inserting: "Where an approved refund is not paid or set off within the period prescribed, interest shall accrue automatically from the day following expiry of that period at the monetary policy rate less two percentage points, subject to a floor of zero. The relevant tax authority shall notify the taxpayer of the status and reasons for delay every 30 days. A refusal, reduction or delay beyond 30 additional days is appealable." | Treats taxpayers and government more symmetrically, improve business cash flow, and creates an incentive for efficient refund administration. |
| **Issue 7** | | | |
| Security deposits can restrict access to the Tax Appeal Tribunal where the disputed assessment is large or the taxpayer has limited liquidity. | Joint Revenue Board of Nigeria (Establishment) Act, 2025, Second Schedule, paragraph 7(6)-(7). A374 | Substitute paragraph 7(6): "The Tribunal may order security only where it gives written reasons and is satisfied that the appeal is prima facie abusive or there is a substantial risk of dissipation of assets. The Tribunal shall consider ability to pay and may accept a bond or guarantee. Security shall not exceed 10% of the disputed tax. A small business or individual facing serious hardship may be wholly or partly exempted. Failure to provide security shall not extinguish a further right of appeal without an opportunity to be heard." | Protects constitutional access to justice while retaining a targeted safeguard against abusive appeals and asset flight. |
| **Issue 8** | | | |
| The institutional structure is dominated by revenue authorities and does not guarantee structured participation by taxpayers, SMEs or independent experts. | Joint Revenue Board of Nigeria (Establishment) Act, 2025, section 4 on Board composition. A 351 | Amend section 4 to add four part-time voting members appointed through an open process: one nominee of recognised taxpayer and consumer organisations; one representative of micro, small and medium enterprises; one nominee jointly submitted by recognised tax, accounting and legal professional bodies; and one academic or civil-society expert in fiscal policy, public finance or data governance. At least two shall be persons with demonstrated expertise in distributional or gender-responsive fiscal analysis. | Broadens institutional perspective, improves trust and ensures that harmonisation decisions consider compliance costs and distributional consequences. |

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| **Issue 9** | | | |
| Tax Ombud recommendations can be ignored with limited consequence, weakening taxpayer remedies for maladministration. | Joint Revenue Board of Nigeria (Establishment) Act, 2025, sections 41 and 43; Third Schedule, paragraphs 3 and 4. | Insert: "A revenue or government agency shall implement a remedial direction concerning procedure, delay, service failure or unlawful collection within 21 days, or issue a reasoned notice of non-implementation. The Ombud may register a final procedural direction at the Federal High Court for enforcement, provided that the direction shall not determine tax liability or interpret substantive tax law. Non-compliance shall be reported quarterly to the National Assembly and published in anonymised form." | Makes taxpayer protection effective while preserving the jurisdiction of tax authorities, the Tribunal and courts over substantive liability. |
| **Issue 10** | | | |
| Broad powers to access computers, cloud facilities and passwords may expose irrelevant personal, commercial or privileged information. | Nigeria Tax Administration Act, 2025, sections 57-59 and 62.<br>A 293 - 6 | Insert a digital-search safeguard: "Access, copying or seizure shall be limited to information reasonably relevant to the tax purpose stated in the notice or warrant. Legally privileged material shall be sealed pending independent determination. The authority shall maintain a forensic image, chain-of-custody record and access log; return equipment as soon as practicable; delete irrelevant copies within 90 days after final conclusion; and notify affected persons of a material data breach without undue delay."<br>Ensure that this does not contravene the provisions of the NTAA Section 142 - 3. | Balances effective digital enforcement with privacy, legal privilege, cybersecurity and confidence in electronic tax administration. |
| **Issue 11** | | | |
| Presidential and gubernatorial powers to remit tax, and powers to exempt companies, lack sufficiently detailed transparency and distributional tests. | Nigeria Tax Administration Act, 2025, sections 77 and 78; Nigeria Tax Act, 2025, sections 163-188 and related Schedules.<br>NTAA A305, NTA A 482 | This provision is ambiguous and needs some explanation and justification. The provisions assumably are making tax administration irrelevant and subject to the discretion of the Chief Executive. This poses a high equity risk to the citizens. | Reduces opaque tax expenditures, supports parliamentary control and ensures incentives are justified by measurable public benefits rather than access or influence. |

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| **Issue 12** | | | |
| Tax incentives are not uniformly tied to measurable outcomes, and their benefits may accrue to capital owners without sufficient employment or local-value effects. | Nigeria Tax Act, 2025, sections 166-184 on Economic Development Tax Incentives and sections 163-165 on exemptions and deductions. | Insert performance conditions: "An incentive certificate shall specify baseline employment, additional investment, local procurement, export, research, skills-transfer or regional-development targets as requirements. Not less than 20% of the annual benefit shall be conditional on verified performance. Material shortfall without reasonable cause shall result in proportionate clawback. The Service shall publish annual aggregate cost and outcome data by sector and region." | Converts incentives from open-ended concessions into evidence-based contracts and allows evaluation of whether tax expenditure reduces regional and income inequality. |
| **Issue 13** | | | |
| Certain monetary exemptions, including the personal-injury threshold and personal-asset thresholds, will lose real value over time and may apply inequitably. | Nigeria Tax Act, 2025, sections 50-53 and applicable monetary thresholds in the Act and Schedules. | Insert a general threshold-review provision: "Every monetary exemption, allowance, reporting threshold or penalty stated in naira shall be reviewed at least once every three years against inflation, minimum wage changes, compliance cost and revenue risk. The Minister shall lay the review before the National Assembly with proposed adjustments. A taxpayer-protective threshold shall not be reduced by subsidiary legislation." | Maintains the intended policy value of reliefs, prevents accidental expansion of low-income tax burdens and improves legislative oversight. |
| **Issue 14** | | | |
| Assignment of tax debts to private parties may create aggressive recovery incentives and unequal treatment where criteria and fees are not transparent. | Nigeria Tax Administration Act, 2025, section 68. | Amend section 68 by inserting: "A tax debt shall not be assigned while an objection, appeal, instalment agreement or hardship application is pending. Assignment criteria, agent accreditation, fees and conduct standards shall be published. Recovery fees shall not be added to the taxpayer's liability unless authorised by law. The relevant tax authority remains responsible for the agent's conduct and shall provide an independent complaints process." | Protects taxpayers from coercive private recovery, prevents the sale of disputed debt and retains public accountability for an inherently governmental function. |

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| **Issue 15** | | | |
| Fiscal reforms are often assessed by aggregate revenue effect without a mandatory statement of impact on households, regions, gender and small businesses. | Proposed new cross-cutting provision in the Finance Bill 2027, applicable to tax, levy, exemption and major fiscal measures. | Insert a Fiscal Equity and Competitiveness Statement clause: "The Minister shall lay before the National Assembly, with the Finance Bill, a statement estimating for each material measure: revenue effect over three years; impact by income decile; impact on micro and small enterprises; regional and gender-responsive effects; administrative cost; investment and employment implications; and implementation indicators. Where data are unavailable, the statement shall identify the gap and a plan to obtain the data." | Institutionalises evidence-based reform, exposes regressive effects before enactment and links fiscal legislation to measurable competitiveness and inclusion outcomes. |

## 3. REFERENCES


a) Nigeria Tax Act, 2025 (Act No. 7; Official Gazette No. 117 of 26 June 2025; commencement stated as 1 January 2026).

b) Nigeria Tax Administration Act, 2025 (Act No. 5; Official Gazette No. 117 of 26 June 2025).

c) Joint Revenue Board of Nigeria (Establishment) Act, 2025 (Act No. 6; Official Gazette No. 117 of 26 June 2025).

d) Federal Ministry of Finance Call for Inputs into the Finance Bill 2027 and its proposal template, as reproduced in the supplied call notice.