Transition Guidelines for the Tax Acts 2025:

Providing Clarity Amid Emerging Uncertainty.

June 2026

On 18 June 2026, the Federal Ministry of Finance issued the General Transition Guidelines for the Tax Acts 2025 **(the "Guidelines")** pursuant to Section 144 of the Nigeria Tax Administration Act 2025 **("NTAA")** and Section 200 of the Nigeria Tax Act, 2025 **("NTA").** The Guideline is intended to provide a framework for the transition from Nigeria's repealed tax laws to the new tax regime established under the Tax Acts 2025. Primarily, they aim to ensure consistency, prevent retrospective application of the new laws, and provide clarity on the treatment of transactions, obligations, disputes and compliance matters that straddle the transition period.

Notably, the release of the Guidelines comes at a critical time as taxpayers have grappled with questions regarding the applicable law for the tax returns due in 2026, particularly for companies with accounting periods ending on 31 December 2025. While the Guidelines seek to settle these questions, recent communications reportedly issued by the Nigeria Revenue Service **("NRS")** to certain taxpayers have generated fresh debate regarding whether assessments due in 2026 should be administered under the repealed laws or the new tax regime.

Against this backdrop, the Guidelines represent one of the most significant administrative pronouncements on the implementation of Nigeria's tax reforms and requires close examination.

Key Features of the Transition Guidelines

Reinforcement of the Principle of Non-Retroactivity

A key feature of the Guidelines is the express adoption of the principle that the Tax Acts 2025 apply prospectively and should not have retrospective effect. The Guidelines provide that no tax, penalty, surcharge, interest, filing obligation or administrative requirement under the new Acts shall apply to any period before 1 January 2026 **(the "Commencement Date").** Similarly, assessments, audits, investigations and enforcement actions existing pre-commencement period are to continue under the repealed legislations.

Further, the Guidelines expressly state that no taxpayer shall be assessed under the new Acts in respect of transactions, supplies or disposals that occurred before 1 January 2026 and that new rates, thresholds, definitions and administrative obligations cannot be applied retrospectively.

Clarification of Filing Obligations

The Guidelines distinguish between returns due before or after the commencement date. Hence, returns that became due before 1 January 2026 remain governed by the repealed tax laws and must be filed using existing forms and procedures. However, returns due on or after commencement are to be filed using rules. Forms, and templates issued under the new Acts. Pending issuance of new forms, existing filing mechanisms remain valid.

This provision seeks to ensure administrative continuity and avoid disruption to taxpayers while implementation frameworks for the new regime are being developed.

Specific Rules for Companies Income Tax

The Guidelines provide detailed transition rules for corporate taxpayers. Specifically, Companies Income Tax payable on any basis period ending before 1 January 2026 is to be assessed under the repealed laws, notwithstanding that the filing and payment obligations may arise after the commencement of the new Acts. Conversely, basis periods ending after commencement are subject to the new tax laws.

The practical implication is that a company with a 31 December 2025 year-end would ordinarily file its 2025 Companies Income Tax return under the repealed Companies Income Tax Act, even though the filing falls due in 2026.

Transition from Earmarked Levies to the Development Levy

The Guidelines address the treatment of various profit-based levies, including the Tertiary Education Tax, NITDA Levy and NASENI Levy. Accounting periods ending before the commencement remain subject to these levies under the repealed laws. However, accounting periods ending after 1 January 2026 become subject to the Development Levy established under the new tax framework and will no longer be liable to the earmarked taxes imposed under the repealed legislation. This provision provides clarity on one of the major structural changes introduced by the tax reforms.

Treatment of VAT, Withholding Tax (WHT) and Stamp Duties

For transaction taxes, the determining factor is generally the date the supply or service occurred rather than the date payment is received. Accordingly, goods delivered or services rendered on or before 31 December 2025 remain subject to VAT, WHT and stamp duty rules under the repealed laws regardless of when payment is made. Transactions that occur after the commencement date are governed by the new Acts, except where payment had already been made in advance before 1 January 2026.

The Guidelines also provide special rules for contracts that spans both regimes and the applicable law is determined by when payment.

Preservation of Existing Rights and Incentives

The Guidelines preserve incentives, exemptions and reliefs granted under the repealed laws until their expiration. However, pending and new applications are to be considered under the new tax Acts. Similarly, objections, appeals and disputes commenced under the old laws are generally to continue under those laws, thus safeguarding accrued rights and legitimate expectations.

Comments on Emerging Controversy.

I. It is worth noting that the Ministry of Finance deserve commendation for addressing one of the most difficult aspects of tax reform transition. By adopting a clear principle of non-retroactivity supported by law and providing detailed rules for the various taxes, the Ministry has sought to minimize uncertainty and protect taxpayers from being subjected to changing rules midway through an accounting period. This position is consistent with international best practice in tax and promotes predictability, fairness and investor confidence.

II. Notwithstanding the above, there have been controversial reports that the NRS released communications to taxpayers indicating that tax returns and assessments relating to companies with 31st December 2025 financial year end but with returns due in 2026 should be filed under the new Tax Acts.

III. We note, however, that the position reportedly adopted by the NRS appears to focus on the year of assessment or filing year, rather than the accounting period to which the tax relates. This would mean that taxpayers may effectively be required to apply provisions of the new tax Acts to profits earned pre-commencement period. It is anticipated that this approach would raise significant legal concerns as it would be difficult to reconcile with both the express provisions of the Guidelines and the established principle that legislation should not operate retrospectively unless the legislature provided otherwise. This principle was reaffirmed by the Federal High Court **(FHC)** in *Accugas Limited v. FIRS & Anor*[1] where the Court held that a tax statute cannot be given retrospective effect in the absence of a legislative intent to do so.

IV. Lastly, this controversy raises a broader constitutional and administrative law question regarding the hierarchy of authority between the powers conferred on the Minister under the Tax Acts and the NRS.

Next Steps

Notwithstanding the foregoing, given the ongoing uncertainty, taxpayers should consider the following actions:

- Obtain guidance from tax advisors
- Review accounting periods carefully to determine whether profits relate to periods ending before or after 1 January 2026.
- Proceed with filing returns using existing systems as provided by the NRS.
- Document positions adopted in tax filings and retain supporting evidence and documentation.
- Monitor further guidance from both the Ministry of Finance and the NRS, particularly in relation to filing procedures for the 2025 basis periods.
- Seek official clarification and position from the NRS where necessary.

Conclusion

The Guidelines represent an important step towards ensuring a smooth transition to Nigeria's new tax framework. By affirming the principles of non-retroactivity, preserving accrued rights and providing detailed transitional rules, it offers taxpayers valuable degree of certainty during a period of significant legislative change.

[1] FHC/ABJ/CS/1289/2020.

However, the emerging divergence between the Ministry's stated position and reported NRS position has introduced an element of uncertainty that threatens to undermine the very objective of the Guidelines. Unless further clarification is provided, taxpayers may find themselves caught between competing interpretations of the transition framework. The coming weeks will therefore be critical in determining whether the transition proceeds with the certainty envisioned by the Guidelines or whether additional regulatory intervention becomes necessary to resolve the growing debate.

You may reach out to our team at: info@wtsblackwoodstone.com for further guidance and support.

Authors

Tobiloba Adekoya
Tobi@wtsblackwoodstone.com

Abdulateef Ibrahim
Ibrahim@wtsblackwoodstone.com

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Imprint
WTS Blackwoodstone
Unit 12, No 8 Office Apartments, Plot 8, Rasheed Alaba Williams, Lekki, Lagos
Nigeria
T: +234 9033 501 613 www.wtsblackwoodstone.com |
info@wtsblackwoodstone.com