A REVIEW OF DIGITAL REFORMS UNDER THE 2025 NIGERIAN TAX REGIME*

Abstract

It is incontrovertible that Nigeria's 2025 tax reforms place much premium on digitization and digital harmonization of different tax processes and administration. The puzzle that underpins this paper is the sustained inefficiency, compliance shortfalls and administrative opacity that has typified Nigeria's tax regime for so long thereby constraining its ability to drive development. This study seeks to investigate the breadth and the legal foundation as well as the practical effects of a series of digital reforms that came into force under 2025, in particular their implications for compliance, accountability, and taxpayer engagement. Applying a doctrinal legal methodology, the study examines legislative instruments, policy statements and court decisions to assess levels of convergence with global benchmarks in digital tax. This study argues that despite the fact that the 2025 digital tax skeleton is progressive in theory, it suffers from structural and infrastructural limitations that may impede its full realisation. The paper recommends that continued coordination by institutions, cybersecurity considerations and taxpayer education etc. are essential to the successful long-term transition of Nigeria into digital tax. It proposes the reinforcing of regulatory frameworks and harmonisation of data systems, while integrating digital ethics into tax governance.

Keywords: Digital Taxation, Fiscal Reform, Compliance, E-Governance, Legal Framework, Nigeria

1. Introduction

Nigeria's tax administration structure has been cumbersome and undergirded by an imbalance compliance process, low technology application which hinder effective revenue collection. Oil is the lifeblood of Nigeria and its revenues have driven much of her history; fiscal instability is what has spurred a succession of governments to attempt diversification through tax reform. In the last decade, the Federal Inland Revenue Service (FIRS) has continually updated its operations digitally in a bid to widen the tax net and enhance transparency in fiscal governance[1]. There had been an urgency to move from analogue taxation to digital taxation, especially with the rise of e-commerce and fintech, and in consideration of remote working being practiced within Nigeria none of which was captured into the traditional tax space[2]. In the light of this, the 2025 Nigerian tax system encapsulates a grim and thoughtful effort to embed digital governance in the fiscal framework, which enables technology to monitor compliance and discourage evasion[3].

Digital tax reforms in Nigeria are part of a wider global shift towards fiscal digitization and governance innovation. In developing countries, the computerization of tax administration has been adopted as a means to minimize human discretion and so increase trust by taxpayers in state institutions[4]. The OECD's Inclusive Framework on BEPS (Base Erosion and Profit Shifting) spurred countries such as Nigeria to re-configure their tax systems in line with the reality of the digital economy[5]. In this respect, Nigeria's policy change has been consistent with other reforms occurring in Kenya and South Africa where tax administrations have introduced e-filing services and data analytics to tackle evasion[6]. The 2025 reforms, therefore, reflect as much a domestic response to administrative shortcomings as they do an international adjustment to the demands of digital fiscal governance.

Nigeria has sought sooner to digitize but previous attempts before 2025 had been disjointed, also arrested by infrastructural and regulatory inconsistencies. The 2021 launch of the TaxPro Max platform represented a step forward, but narrow interoperability with other public financial systems revealed structural flaws[7]. A number of taxpayers (especially small & medium range entities) faced difficulty in uploading returns as they did not have requisite digital access and broadband ready network[8]. These obstacles demonstrated the urgent need for one standardized legislative framework that would standardize digital procedures among federal and state tax agencies. The 2025 configuration therefore aimed to integrate the disparate measures into a unified system of which digital identity checks, automated deficit assessments and interdepartmental data sharing would be key components[9].

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[1] S R Akinola, 'Fiscal Reforms and Digital Governance in Nigeria.' *Nigerian Journal of Public Administration* 28, no. 2 (2023): 44–46.

[2] O Adegbite, 'Revenue Diversification and the Digital Turn in Nigerian Taxation.' *Journal of African Fiscal Studies* 10, no. 1 (2024), pp. 15–17.

[3] Federal Inland Revenue Service (FIRS). 'Digital Tax Strategy Document.' FIRS Publication, Abuja, 2024, https://firs.gov.ng/digitalstrategy. Accessed 15 Oct. 2025.

[4] P Muriithi, 'E-Governance and Fiscal Modernization in Africa.' *African Tax Review* 6, no. 3 (2022), pp. 70–72.

[5] Organization for Economic Cooperation and Development (OECD), *Addressing the Tax Challenges of the Digital Economy.* (OECD Publishing, Paris, 2020), 9–11.

[6] N Eke, 'Comparative Lessons from Kenya and South Africa on Digital Taxation.' *Nigerian Law and Fiscal Policy Review* 14, no. 2 (2023), pp. 33–36.

[7] C Uche, and T Olayiwola, 'Digital Infrastructure and Tax Compliance in Nigeria.' *Nigerian Economic Management Journal* 12, no. 1 (2023), pp. 58–60.

[8] B Odu, 'Tax Compliance Challenges in the Digital Era: Evidence from SMEs.' *West African Fiscal Studies* 8, no. 1 (2024): 22–25.

[9] FIRS. 'Implementation Report on TaxPro Max System.' FIRS Technical Paper, 2022, https://firs.gov.ng/taxpromaxreport. Accessed 15 Oct. 2025.

Second, the 2025 tax reform is integrally linked to Nigeria's overall goal of embracing fiscal federalism and economic transformation. The reform is also in line with the National Digital Economy Policy and Strategy (NDEPS) objectives of transparency, inclusiveness and automation through public institutions[10]. By deploying digital technologies in tax administration, the government seeks to widen the tax net, with a focus on the informal economy and digital entrepreneurs not previously amenable of regulatory oversight[11]. Analysts claim that such reforms also make fiscal governance more efficient, and contribute to making it more democratic by decreasing opportunities for corruption and rent-pagination[12]. Yet unless there are robust data protection measures and citizen education in the way, digitization risks replicating inequalities in access and compliance.

In light of the background, this study is important in the sense that it critically examines how the legal environment influences digital transformation with regard to taxation, and just as importantly, how such a transformation impacts on governance and accountability. Former tax literature has typically focused on technical or economic analysis of tax reform with relatively little attention to the jurisprudential implications of such changes[13]. This paper thus sets its focus of digital taxation within the context of fiscal rights, administrative law and constitutional accountability. ² Examining the norms and institutions of the 2025 regime, it adds to discussions about digital justice and state legitimacy in fiscal governance. Its objective is also to narrow the distance between technological development and the legal duty of fairness in taxation.

2. Methodology

The research applies a doctrinal legal method, looking at statutes, case law, legislation and policy instruments to assess the digital reforms beneath the 2025 tax regime. It employs qualitative methodology, interpreting legislative intent and administrative behaviour within the framework of existing law. The work is also comparative in nature, offering the integration of foreign jurisprudence in order to illustrate best practice that could be imported in Nigeria's fiscal situation. This approach allows normative and institutional viewpoints to be critically synthesised such that both theoretical and policy dimensions of digital taxation are thoroughly addressed.

3. Conceptual Clarifications

Digital Tax Compliance

This concept denotes the deployment of digital technologies that can be harnessed to perform fast, accurate and transparent compliance by taxpayers (both corporate and individual). In modern tax regimes the digital compliance is not only about e-filing but also automated data validation, electronic receipts and AI-enabled risk calculation – reducing human discretion and corruption[14]. Bird and Zolt argue that digital tax compliance is a key instrument for reducing the 'tax gap' (i.e. between potential and actual revenue collections[15]). In Nigeria, the Federal Inland Revenue Service (FIRS) is gradually migrating to automated filing platforms like TaxPro Max; however, data integration issues across agencies remain[16]. It's a concept that dovetails with the worldwide shift toward what's known as compliance-by-design, in which taxpayers' actions are automatically recorded inside digital financial systems. As a result, digital tax practices offer the normative implication against which Nigeria's digital reforms of 2025 may evaluate the capacity of its reforms to improve accuracy, reduce evasion, and create public trust.

Automation

Automating tax administration means replacing manual and paper-based workflows with algorithmic/digital/AI-enabled procedures that boost speed, correctness, and audibility. However, 'automation' actually reflects rationalization of bureaucratic activities, some examples are a significant fact is now generated by design and performed without direct human access or intervention through the application (e.g., taxpayer registration, audit selection and refund processing)[17]. Academics like Keen and Slemrod emphasise that automation reduces administrative discretion and improves efficiency by creating standardised taxpayer engagements across jurisdictions[18]. In Nigeria, automation via the joint tax board (JTB) has enabled interconnectivity of state and federal revenue databases leading to greater collaboration but also served as a revelation for infrastructure challenges with rural collection systems[19]. As such, automation is not only a technical change but an infrastructural advance that reorders the institutional ecology through which taxation can be performed. It is a central

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[10] Ministry of Communications, Innovation, and Digital Economy, *National Digital Economy Policy and Strategy (NDEPS).* (Federal Government of Nigeria, Abuja, 2023), 18–20.
[11] I Obasi, 'Fiscal Federalism and Digital Transformation in Nigeria.' *Journal of Governance and Development* 9, no. 4 (2024): pp. 45–47.
[12] V Igbinedion, 'Data Protection and Equity in Nigeria's Digital Tax System.' *African Journal of Cyber Law* 5, no. 2 (2024): 12–15.
[13] A Balogun, 'The Jurisprudence of Fiscal Rights in Digital Governance.' *Nigerian Law and Society Review* 16, no. 2 (2023), pp. 65–68; A. Chikere, 'Tax Modernization and Administrative Law in Nigeria.' *Legal Studies Quarterly* 7, no. 3 (2024): 27–30; see also S. Adeoye, Sunday. 'Digital Justice and the State's Fiscal Legitimacy.' *Journal of African Legal Studies* 15, no. 1 (2024): 40–42.
[14] R. M. Bird and E. M. Zolt, 'Technology and Tax Administration in Developing Countries,' *ICTD Working Paper,* No. 105, 2020, p. 7.
[15] R. M. Bird and E. M. Zolt, *Tax Policy in Emerging Economies*, (Edward Elgar, 2019), p. 223.
[16] Federal Inland Revenue Service (FIRS), *TaxPro Max Platform Overview Report*, Abuja: FIRS, 2023, p. 4.
[17] M Keen and J Slemrod, 'Tax Administration: An Overview,' *World Bank Policy Research Paper*, No. 6862, 2014, p. 15.
[18] M Keen and J Slemrod, *Rebellion, Rascals, and Revenue: Tax Follies and Wisdom through the Ages*, (Princeton University Press, 2021), p. 312.
[19] Joint Tax Board (JTB), *Digital Integration Framework Report*, Abuja: JTB, 2024, p. 9.

plank in Nigeria's digital reform agenda, not least under the 2025 regime where interoperability and AI-supported analytics are essential to facilitating sustainable compliance monitoring.

Fiscal Transparency

Fiscal Transparency refers to how clear and easy is for citizens, investors and other oversight bodies to see up-to-date, reliable information on public revenues and spending. Heald and Hodges consider transparency of fiscal management as a necessary condition for accountability, because it limits arbitrary decrees and enhances the institution's credibility[20]. In online taxation, digital fiscal transparency includes real-time availability of taxpayer information, web posting of tax data and open access to digital dashboards that capture performance indicators[21]. Nigeria's 2025 reforms, in line with the Open Government Partnership (OGP) commitments, focus on financial transparency through blockchain-supported reporting platforms and data standards that machines can read[22]. So, the concept of the conjunction between fiscal transparency and digital reforms indicates a broader avenue towards governance renewal. It also offers an analytical framework to evaluate the degree of transparency and corruption reducing success of the 2025 reforms.

4. Theoretical Framework

Public Choice Theory

This theory, developed by Buchanan and Tullock, lends a critical perspective on how institutional incentives, rent-seeking activities and bureaucratic politics can influence the digital tax reform results. The theory presumes the self-interested nature of policymakers and officials, which frequently results in inefficiencies in implementation of reform[23]. In the case of Nigerian taxation, the extremity of undertaking processes in manual-based forms up till 2025 indicated bureaucratic inertia and resistance to automation which may reduce opportunities for discretion[24]. One of the insights from Public Choice theory lies in its exploratory powers to unravel how and why public actors refuse to completely implement digital reforms or why such reforms are selectively enforced by those who benefit from opacity. As Ezeani argues, reform 'success itself is not as much a function of technical design as it is a product of the incentives that characterize bureaucratic coalitions[25]. Hence, this theory provides a toolkit with which to critically understand how institutional path dependencies can act as dampers on the transformative potential of digital reforms.

Public Choice Theory also helps explain the dynamics of rent-seeking and bureaucratic capture which has shaped Nigeria's journey in digital reforms. When digital reforms challenge vested interests, however, the regulatory literature suggests that policymakers water down the proposed regulations or postpone undertaking them to influence these networks[26]. This is consistent with Tanzi's assertion that fiscal corruption prospers when discretionary powers are uncontrolled and lack of transparency mechanisms prevails[27]. Nigeria's efforts to harmonize its tax databases among its different levels of government, from the federal to the state, have been thwarted by power plays over revenue control jurisdiction issues[28]. Controversies and contestations such as these show how self-interest rather than collective efficiency tends to drive reformist behaviour. As such, Public Choice Theory serves as an analytical lens through which to interpret the gulf between reform rhetoric and administrative praxis.

E-Governance Theory

E-Governance Theory, in the contrary, highlights the capacity for technology to enhance transparency, accountability and citizen engagement. Based on the works of Heeks and Misuraca, it contends that digitization can transform administrative relationships towards more interactive, data-driven decision systems[29]. Within taxation, e-gov has developed new governance logics based on transparency, effectiveness and user orientation[30]. The 2025 tax reforms in Nigeria which are underpinned by data analytics, e-filing, and blockchain verification eschew human discretion and ensure traceability; a reflection of these principles. The other e-governance procedural legitimacy 'once for all' problem is coordination by citizens with public agencies to accomplish some tasks as Bhatnagar describes[31]. Therefore, E-Governance Theory stands as a normative baseline for evaluating the democratic-democratic and techno-political contributions of digital taxation reform.

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[20] D Heald and R. Hodges, 'Accounting for the UK's Public Finances: Transparency, Sustainability and Fiscal Stability,' *British Accounting Review*, Vol. 50, No. 5, (2018), p. 459.

[21] International Monetary Fund (IMF), *Fiscal Transparency Handbook*, (Washington, D.C.: IMF, 2018), p. 31.

[22] Open Government Partnership (OGP), *Nigeria's National Action Plan on Fiscal Transparency (2023–2025),* Abuja: OGP Secretariat, 2023, p. 11.

[23] J M Buchanan and G Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy, (*University of Michigan Press, 1962), p. 35.

[24] Buchanan and Tullock, *The Calculus of Consent*, 1962, p. 37.

[25] W Ezeani, 'Institutional Inertia and Reform Resistance in Nigeria's Public Sector,' *African Journal of Public Administration*, Vol. 12, No. 2, 2021, p. 66

[26] V Tanzi, *Corruption, Governmental Activities, and Markets, IMF Working Paper No. 94/99*, (1994), p. 22.

[27] V Tanzi, 'Fiscal Corruption: Causes, Consequences, and Cures,' *Asian Journal of Political Economy,* Vol. 8, No. 3, 2020, p. 12.

[28] Joint Tax Board (JTB), *Intergovernmental Fiscal Coordination Report*, Abuja: JTB, 2022, p. 17.

[29] R Heeks, *Implementing and Managing E-Government: An International Text*, (SAGE Publications, 2006), p. 41.

[30] G Misuraca, 'E-Governance for Development: State of the Art and Perspectives,' *European Journal of ePractice,* Vol. 9, (2018), p. 6.

[31] S Bhatnagar, *Unlocking E-Government Potential: Concepts, Cases and Practical Insights,* (SAGE Publications, 2004), p. 58.

Last, E-Governance Theory supplements Public Choice Theory by providing a reform-oriented spectacle in dealing with institutional self-interest through transparency oriented digital architectures. Whereas Public Choice explains why inefficiencies remain in place, E-Governance illustrates how technological progress can mitigate them through accountability; interconnectedness and the integrity of data[32]. Assimilating both theories gives a holistic theoretical grounding for the analysis of 2025 Nigerian tax reforms in institutional and technological perspectives. From this double perspective, digital tax initiatives can also be considered not just as administrative measures but as governance shifts designed to set the foundations for trust. As Ndubueze rightly submits, 'the efficiency of a digital tax transition is in the correlation between institutional incentives and technological inclusiveness[33].' Thus, theoretical synthesis helps maintain balance when taking into consideration the experience of reform challenges in Nigeria's changing fiscal context.

5. Legal and Institutional Framework of the 2025 Nigerian Tax Regime

The Nigerian tax reforms of 2025 are anchored on a solid legal and institutional framework, which provides for an efficient tax administration system driven by ICT. At the core of this framework is the Nigeria Revenue Service (Establishment) Act, as amended in 2007 which subsequently equips the NRS with specific authority to utilise and oversee electronic platforms for tax payment and administration[34]. This follows the Federal Government's revenue modernization policies being driven by the Federal Ministry of Finance, Budget and National Planning which is anchored on electronic filing, identification of taxpayers and online payment system[35]. These reforms represent a turning point away from manual, paper led systems toward one based on an infrastructure for data to promote transparency, accountability and administrative efficiency. Section 71 (1) of the Nigeria Tax Administration Act, 2025 states as follows:

71 (1) A relevant tax authority may deploy technology to automate tax administration processes including tax assessment, collection, accounting and information gathering.

(2) A relevant tax authority may deploy any technology, including third party payment processing platform or computer application to collect or remit taxes due on the supply of digital services to any person in Nigeria whether or not such supply originates from within or outside Nigeria, provided that nothing in this subsection shall be construed as empowering the tax authority of a state to collect tax from a non-resident or in respect of cross-border transactions.

Section 103 of the Nigeria Tax Administration Act, 2025 makes it an offence for a person to refuse to grant access to the relevant tax authority to deploy technology after 30 days of receipt of the notice under the act. Any person or body found guilty of this offence shall be liable to an administrative penalty of N1, 000,000 for the first day of default and N10,000 of reach subsequent day of default[36]. The deployment of technology becomes very useful and important in the implementation of the new tax laws regard resident and nonresident tax payers.

It is further instructive to note that the joint Revenue Board of Nigeria has as one of her functions to 'maintain a platform for revenue date collection, integration and exchange of information among the various tax authorities in Nigeria'[37].

The Board also has the function to:

> 'Integrate and maintain a database of taxpayer Identification Numbers for every taxable person in Nigeria in collaboration with the Nigeria Revenue Service, State Internal Revenue Service, Federal Capital Territory Internal Revenue Service, Local Government Revenue Committee and other relevant Government agencies'[38].

All the above provisions prescribe and require digitalization of the entire work system of all relevant revenue authority.

One interesting institutional novelty introduced by the 2025 legal reforms is the Digital Tax Administration Platform (DTAP). Its main function is to centralize, unify and synchronize tax payers' information at different government levels[39]. This connectivity enables the sharing of real-time information between the Nigeria Revenue Service (NRS), Corporate Affairs Commission (CAC) and Nigeria Customs Service, and increases tax intelligence as well as enforcement in tackling illicit flows. Indeed, the FIRS (Digitalisation of Tax Administration) Regulation 2025 facilitates this process in expressly allowing for unique digital tax identification numbers alongside standardised e-filing arrangement[40]. The idea is to reduce the cost of compliance, to close the tax gap and to increase voluntary compliance through a user-friendly online environment.

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[32] G Misuraca and R Heeks, 'Digital Governance and Public Sector Transformation,' *Information Polity*, Vol. 26, No. 2, (2021), p. 145.

[33] E Ndubueze, 'E-Governance and Fiscal Reforms in Africa: Institutional Adaptation and Accountability,' *African Governance Review,* Vol. 14, No. 1, (2023), p. 89.

[34] Nigeria Revenue Service (Establishment) Act, 2025, s. 71.

[35] Federal Ministry of Finance, *Digital Fiscal Governance Directive,* Abuja, 2025.

[36] See section 6, 12 and 17 of the Nigeria Tax Act, 2025

[37] Section 5 (2) of the Joint Revenue Board of Nigeria (Establishment) Act, 2025

[38] *Ibid*

[39] A Tunde. 'Reimagining Tax Administration in Nigeria: The 2025 Digital Transition.' *Nigerian Tax Review Journal* 14.1 (2025): 22–24.

[40] Federal Inland Revenue Service, Digitalization of Tax Administration Regulation, 2025, s. 5. The FIRS has in collaboration with the National Information Technology Development Agency (NITDA) service providers commenced E-Invoicing, Electronic Fiscal System for large taxpayers. This is known as the Merchant Buyer Solution (MBS) aimed to make tax compliance easier, faster and more transparent for all categories of taxpayers.

The constitutionality of these digital innovations is based on Section 24(f) of the 1999 Constitution (as amended), which requires every citizen to pay and declare tax as at when due[41]. Furthermore, the reforms respect the federal nature of Nigeria's tax system as they strengthen the autonomy of subnational taxes authorities with regard to JTB (Joint Tax Board) activities[42]. Legal commentators are, however, pointing to insufficiency of existing data protection regimes and risks of overlap between the Nigeria Data Protection Act 2023 and FIRS' enhanced data-processing powers[43]. The discussion underscores the necessity of a harmonized digital governance regime that marries fiscal efficiency with constitutional privacy rights.

The final feature is the institutional architecture of the 2025 reforms, which mirrors a governance model led by inter-agency cooperation and digital accountability. The Ministry of Finance is currently tasked with oversight to ensure that tax databases and national digital identity systems are interoperable[44]. This institutional alignment forms the backbone of government wider National Digital Economy Policy and Strategy (NDEPS) 2020–2030 that presumes digital fiscalisation as a lead component in sustainable development[45]. Consequently, the 2025 tax regime's legal and institutional architecture not only modernizes Nigeria's digital age tax administration but also changes the dynamics of law, technology, and public finance[46].

6. Implementation Dynamics and Challenges of Digital Reform

Inadequate Infrastructure

Nigeria's digital tax system is also beleaguered with the challenge of a weak infrastructure which continues to affect the efficiency of e-TCC and TaxPro Max[47]. Many tax offices and businesses in remote parts of the country that are not cities have inconsistent access to the electricity grid, slow internet speeds and shaky data-hosting facilities, cutting short many workdays. Such shortcomings have contributed to processing time delays for tax returns and clearance certificates, leading to annoyance and discouragement among taxpayers. And relying on redundant cloud infrastructure to support online services doesn't deliver the reliability needed during peak filing seasons or in response to cyber incidents. Therefore, the government's dream of instant, seamless tax in operation is hobbled on poor infrastructure underinvestment and digital preparedness by states.

Low Digital Literacy and User Readiness

One of the greatest impediments to digital transformation with respect to tax in Nigeria is lack of adequate level of digital literacy among taxpayers as well as some tax officers. Small and medium enterprises, which are a significant component of Nigeria's tax base, generally do not have experience in online filing systems, password management or electronic document validation. Even among tax offices, training and capacity building efforts were inadequate for uniform adoption of the TaxPro Max interface or e-TCC application processes. As a result, errors in submitting applications online and/or the approvals falling beyond desired time frames are still prevalent (leading to increased administrative workload/performance burden on the department as well as decreased public confidence in the system)[48]. This is where automation and the benefits of it risk going to waste unless there is on-going digital education and user interface simplification.

Cybersecurity and System Resilience

The move to digitalise and take the tax records of citizens online presents major cyber security issues that Nigeria needs to urgently deal with. Tax record data bases, online payment portals and login pages are susceptible to phishing attacks, identity theft or even ransomware especially when outdated software and weak encryption make them easier for cybercriminals to penetrate. While the FIRS has applied some cybersecurity protocols, its incident response is not strong enough to quickly contain breaches or data leaks[49]. It would take just one security breach to shake taxpayers' trust and damage the government's reputation, as well as that of private industry. Thus, cybersecurity cannot be regarded as mere technical jargon but as a model for sustainable reform in digital taxation.

Inter-Agency Coordination and Data Integration

The effectiveness of digitalisation in taxation is anchored on the smooth coordination among the Nigeria Revenue Service (NRS), Corporate Affairs Commission (CAC), banks, customs and State revenue authorities[50]. However, bureaucratic

[41] Constitution of the Federal Republic of Nigeria 1999 (as amended), section. 24(f).
[42] The JTB has been taken over by the Joint Revenue Board, established by Joint Revenue Board of Nigeria (Establishment) Act of No. 6 of 2025, section 3
[43] C Okonkwo, 'Data Protection and Fiscal Digitization in Nigeria.' *African Journal of Law and Technology* 3.2 (2024), pp. 18–19.
[44] Federal Ministry of Finance, Guidelines on Inter-Agency Data Integration, Abuja, 2025.
[45] National Information Technology Development Agency (NITDA), *National Digital Economy Policy and Strategy (NDEPS) 2020–2030,* 2020, p. 33.
[46] K Adedeji, 'Digital Tax Reforms and the Future of Fiscal Governance in Nigeria.' *African Economic Law Journal* 5.1 (2025), p. 40.
[47] See such Programmes as noted in Federal Inland Revenue Service (FIRS), TaxPro Max: Nigeria's Digital Tax Administration Platform (Abuja: FIRS, 2024), pp. 10–12.
[48] International Centre for Taxation and Development (ICTD), 'Digital Tax Infrastructure and Tax Administration in Nigeria: Current State and Outlook,*' ICTD Research Brief*, 2025, p. 7.
[49] KPMG Nigeria, *Cybersecurity and Tax Administration in the Digital Era* (Lagos: KPMG Africa, 2024), p. 15.
[50] Federal Ministry of Finance, *Policy Guidelines for Inter-Agency Data Integration in Tax Administration* (Abuja: FMoF Publication, 2025), pp. 4–6.

fiefdoms and competing data structures along with institutional silos hamper the development of a unified taxpayer database. For example, inconsistencies between CAC registration details and tax identification numbers with FIRS frequently postpone the verification of taxpayers and keeping track of compliance. Furthermore, the absence of standardised data-sharing arrangements by the Joint Tax Board (JTB) also results in multiple records and errors in revenue reporting. In order to develop a unified digital tax environment, Nigeria should enhance inter-agency data governance, standardise APIs and introduce legislation on real-time information sharing. It is hoped that the Joint Revenue Board of Nigeria which would take over from the JTB on the 1st of January, 2026, would live up to her mandate.

Data Privacy and Digital Ethics under the NDPA 2023

The Nigeria's Data Protection Act DPA, 2023 provides important safeguards for processing personal data in digital taxation systems but implementation of these protections varies[51]. Taxpayer data, encompassing financial and identification information, must comply with the Act's provisions for lawfully collected data, fairness between parties, and limited purposes of collection[52]. Yet a majority of organizations have not yet appointed Data Protection Officers or created the processes for carrying out Data Protection Impact Assessments (DPIAs), leaving them vulnerable to non-compliance. And ethics raise around second usage of taxpayer data for analytics or cross-agency profiling without consent is yet to be systematically established and implemented. Achieving compliance with NDPA 2023 thus requires ongoing institutional training, ethical awareness and regular digital tax process audits.

Change Management, Trust, and Inclusion

Digital tax is far more than a technology change; it is a seismic cultural shift that needs to be carefully managed. It is the opposition of old school staff and the fear of job losses that usually kills reform efforts. Likewise, rural and off-the-grid taxpayers are likely to perceive digitalization as a gate-away due to marginal access to digital tools or sustainable connectivity[53]. Creating public trust requires transparency in procedures, credible remedies and ongoing engagement with the audiences through outreach and education. Without nurturing a reform community that is truly inclusive, digital taxation might only exacerbate rather than solve the inequalities and foster fiscal modernization and accountability.

7. Conclusion and Recommendations

The result of this paper posits Nigeria's 2025 digital tax reforms to be an important leap in fiscal governance, in that, the transition from non-transparent and manual operations (paper-based) to technology-driven tax management is not only a shift, it has changed the world into a global village. The use of IT platforms e-TCC and TaxPro Max System has promoted transparency and facilitation of compliance but still needs to deal with disparate digital literacy, infrastructure gaps & limited cybersecurity preparedness. However, institutional fragmentation continues to represent a major obstacle with overlapping competences between federal and subnational tax authorities undercutting policy coherence. It is further discovered that while the legislative and policy instruments for these reforms are forward looking, their implementation has been compromised by poor coordination, insufficient technical man power as well as low stakeholder mobilization. Consequently, Nigeria's digital reform will succeed not thanks to the introduction of new tools and techniques but through a process by which institutional capacity is aligned with technological adaptation and public trust is regained in the integrity of the system.

The conclusion reached in this paper is that digital reform is not just administrative fine-tuning, but a structural change without which fiscal sustainability and economic modernization are not achievable. If properly institutionalized, digitalization can democratize tax services access and anti-corruption tools, as well as state citizen accountability. But this technology cannot replace systemic governance reforms on its own; it needs to be accompanied by sound legal environments, protection standards of Big Data and unyielding political will. The future of Nigeria in digital taxation depends on how successfully the country's institutions align technology and law/policy while advancing innovation alongside inclusivity. While new technologies, such as artificial intelligence and blockchain have the potential to change audit, detection of evasion and transparency on a big scale they need at minimum to be grounded in the local context, have ethical underpinning's embedded in them so as to ensure that the institutions are ready for their emergence and adoption.

To make digital tax reforms sustainable in Nigeria, five practical suggestions are offered here. First and foremost, Nigeria needs to have a National Tax Digital Capacity Academy that will train her tax administrators, IT experts and even policymakers on modern compliance analytics and cyber security. Second, digital inclusiveness should be made a statutory responsibility across the urban rural technology divide, calling for simplified taxpayer interfaces and outreach in multiple languages. Third, the National Assembly should pass a robust Digital Tax Governance Act to enshrine data protection and interoperability standards and legal tender status for digital tax instruments. Fourth, fintech and telecom collaboration should be institutionalized via regulatory 'sandboxes' to pilot innovations such as AI-powered compliance monitoring and blockchain transaction tracing. Finally, Nigeria should establish an independent Digital Tax Ethics Council to uphold fairness, algorithmic bias and citizen privacy ensuring technology is a tool for justice and not exclusion. These combined approaches can help to move Nigeria's digital tax reform from an idea on paper, to a solution that becomes its own engine of prosperity.

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[51] National Assembly (Nigeria), *Nigeria Data Protection Act 2023* (Abuja: Federal Government Printer, 2023), pp. 18–20.
[52] *Ibid*.
[53] OECD, *Building Trust in Tax Administration: Digital Transformation Strategies in Emerging Economies* (Paris: OECD Publishing, 2023), p. 23.