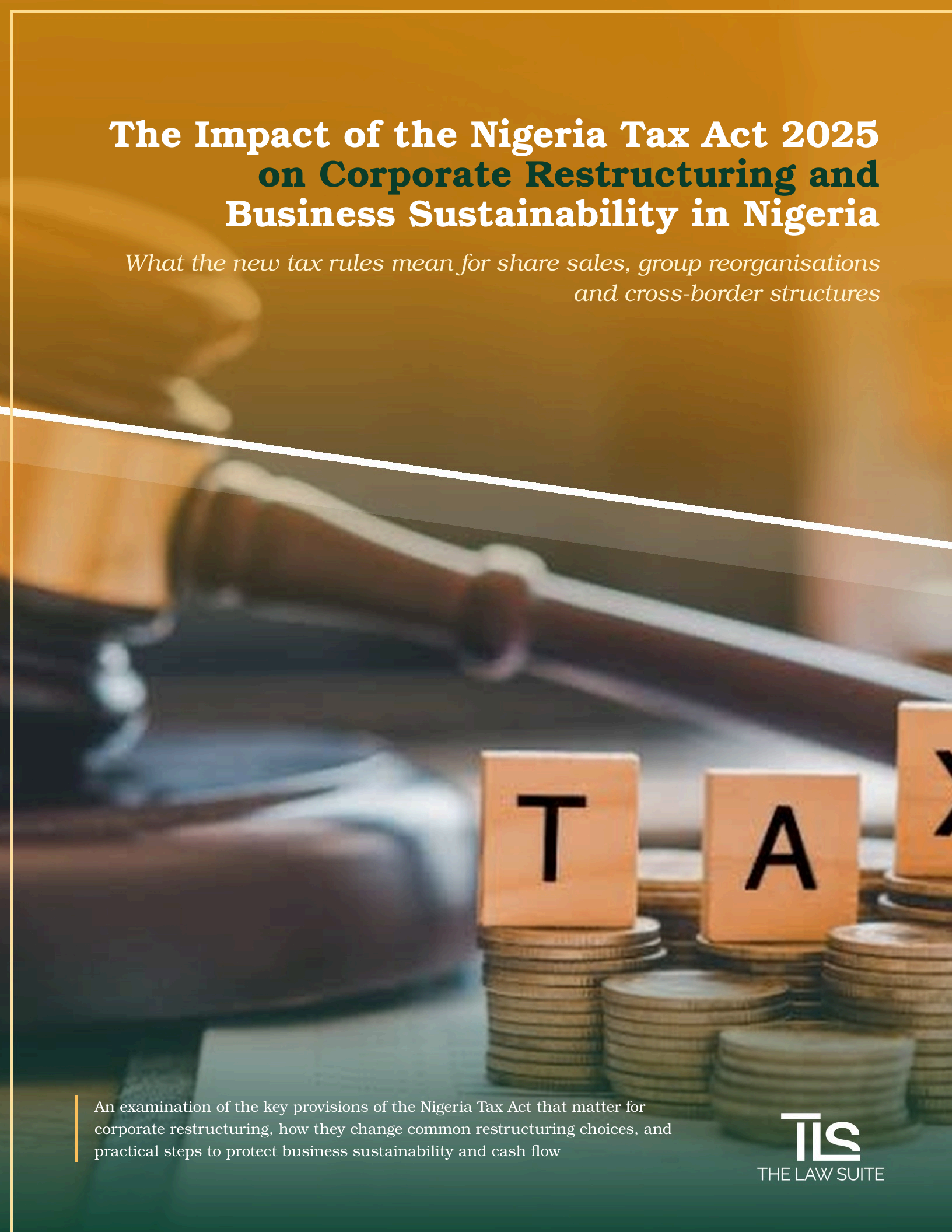
The Impact of the Nigeria Tax Act 2025 on Corporate Restructuring and Business Sustainability in Nigeria

What the new tax rules mean for share sales, group reorganisations and cross-border structures



An examination of the key provisions of the Nigeria Tax Act that matter for corporate restructuring, how they change common restructuring choices, and practical steps to protect business sustainability and cash flow

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01. Introduction

ABSTRACT

Tax is one of the key costs of doing business; it is therefore critical that the tax implications of any restructuring are known before it is undertaken. Tax rules strongly affect which restructuring route is cheapest, fastest and least risky. The Nigeria Tax Act 2025 changes several core tax rules in ways that directly alter the business and legal risk of restructuring. Companies must understand these changes to avoid unexpected tax bills, protect cash flow and keep restructuring plans aligned with long-term sustainability goals.

This article examines the key provisions of the Nigeria Tax Act that matter for corporate restructuring, explores how they change common restructuring choices and sets out practical steps companies should take to protect business sustainability and cash flow while remaining compliant.

Keywords: Corporate Restructuring, Business Sustainability, Tax Reform, Nigeria Tax Act

In a bid to streamline revenue administration, enhance compliance, strengthen intergovernmental coordination and reposition the tax system to support inclusive growth, President Bola Ahmed Tinubu, on 26 June 2025, signed into law four major tax reform bills,[1] marking a significant change in Nigeria's tax landscape. Though enacted in June 2025, the Acts took effect on 1 January 2026.[2] This article focuses on the provisions of the Nigeria Tax Act.

1. Obinna Okolie, 'Tax Reform in Nigeria: Key Changes under New Tax Acts' (Mondaq, 2025) https://www.mondaq.com/nigeria/sales-taxes-vat-gst/1657998/tax-reform-in-nigeria-key-changes-under-new-tax-acts accessed 25 September 2025.
2. Chijoke Uwaegbute and others, 'The Nigerian Tax Reform Acts: Top 20 Changes to Know and Top 6 Things to Do' (PwC Nigeria, 2025) https://pwcnigeria.typepad.com/tax_matters_nigeria/2025/06/bjsdhl.html accessed 25 September 2025.

02. Legislation at a Glance

The four laws were signed by President Tinubu on 26 June 2025 and took effect on 1 January 2026.



Legislation	What it does	Status
Nigeria Tax Act, 2025	Repeals outdated laws and consolidates the Personal Income Tax Act, Capital Gains Tax Act, Value Added Tax Act, Companies Income Tax Act and Stamp Duties Act into a single unified framework.	In force from 1 January 2026
Nigeria Tax Administration Act, 2025	Establishes a single framework for assessing, collecting and accounting for taxes across all levels of government.	In force from 1 January 2026
Nigeria Revenue Service (Establishment) Act, 2025	Replaces the Federal Inland Revenue Service (FIRS) with the autonomous Nigeria Revenue Service (NRS), having broader powers.	In force from 1 January 2026
Joint Revenue Board (Establishment) Act, 2025	Establishes the Joint Revenue Board (JRB), the Tax Appeal Tribunal and the Office of the Tax Ombudsman.	In force from 1 January 2026

03. Capital Gains Reforms

The NTA increases the Capital Gains Tax (CGT) rate for companies from 10% to 30%. This aligns the CGT rate with the Companies Income Tax rate and removes the tax arbitrage previously enjoyed in classifying receipts as chargeable gains rather than trading income.[3] Further, chargeable assets under the NTA include all types of property, including shares, options, rights, debts, digital assets, intangible property and foreign currencies.

3. Ibid.

However, under Section 34 of the NTA, gains from the sale of shares in Nigerian companies are not taxable where:[4]

1. the sale proceeds are less than ₦150 million and the chargeable gain does not exceed ₦10 million within 12 consecutive months;
2. the shares are transferred between approved parties in a regulated Securities Lending Transaction; or
3. the proceeds of disposal are reinvested in shares of Nigerian companies within the same assessment year, although the portion not reinvested is taxed.[5]

In restructuring, this increases the cost of share swaps, disposals and spin-offs, except where the transaction qualifies for relief as a reorganisation. For example, a company selling a subsidiary as part of a reorganisation will now face a significantly higher tax burden on the gain. Companies are therefore less likely to engage in frequent asset flipping and more inclined to hold assets for long-term strategic value.

04. Minimum Effective Tax Rate (ETR)

Section 57 of the NTA introduces a minimum ETR of 15% of the net income of a company. The NTA defines net income as the profit before tax as reported in the Audited Financial Statements (AFS), excluding franked investment income and unrealised gains and losses. The provision applies to companies with an aggregate turnover of ₦50 billion or more, and to companies that are members of a multinational enterprise (MNE) group with an aggregate turnover of at least €750 million or its equivalent.

The 15% ETR aligns with the OECD Pillar Two framework, which requires a top-up tax to ensure that large multinational groups with a turnover of at least €750 million or its equivalent pay tax at an ETR of 15%[6] on the income generated in each jurisdiction in which they operate. The ETR provisions, however, do not apply to licensed entities within the free trade zones, except in respect of sales within the customs territory or where the entity is a member of an MNE group with an aggregate turnover of at least €750 million or its equivalent.[7]

4. Adewale Ajayi, 'The Nigeria Tax Act (NTA), 2025' (KPMG, 26 June 2025) https://kpmg.com/ng/en/home/insights/2025/06/the-nigeria-tax-act-nta-2025.html accessed 25 September 2025.
5. Ibid.
6. Nigerian Economic Summit Group, 'A New Fiscal Framework: Key Provisions of Nigeria's 2025 Tax Reform Laws' (NESG, 2025) https://www.nesgroup.org/blog/A-New-Fiscal-Framework:-Key-Provisions-of-Nigeria%E2%80%99s-2025-Tax-Reform-Laws accessed 27 September 2025.
7. Ajayi (n 4).



Controlled Foreign Corporation (CFC) Rules

Similarly, the NTA introduces Controlled Foreign Corporation (CFC) rules to counter profit shifting. Where a foreign subsidiary of a Nigerian company retains profits that could have been distributed without adversely affecting its operations, those profits are deemed distributed and taxed in Nigeria.[8]

These provisions make cross-border restructurings and offshore holding structures more expensive and less effective as tax-avoidance tools. For corporate restructuring, acquisitions, spin-offs and share transfers involving foreign subsidiaries must now be carefully evaluated, as profits retained abroad may still create tax liabilities in Nigeria. Businesses are incentivised to build real substance in their operations rather than rely on artificial structures.

05. Introduction of a Development Levy

Section 59 of the NTA consolidates other taxes and levies previously paid by companies (such as the Tertiary Education Tax, the Nigeria Police Trust Fund levy, the National Information Technology Development Agency (NITDA) levy and the National Agency for Science and Engineering Infrastructure (NASENI) levy).[9] It imposes a flat rate of 4% on the assessable profits of companies[10] (other than small companies and non-resident companies). For companies undergoing restructuring, the levy is an unavoidable cost that reduces the net benefit of consolidation or reorganisation. Although it simplifies compliance by merging several levies into a single charge, it imposes a predictable but significant additional burden that must be factored into restructuring models.

8. Ibid.
9. Ibid.
10. Koleade Adeoye and Mofolajesusewa Oyelami, 'Nigeria's 2025 Tax Reform Acts Explained: Key Changes, Business Impacts, and Compliance Strategies' (Baker Tilly, 2025) https://www.bakertilly.ng/insights/nigerias-2025-tax-reform-acts-explained accessed 27 September 2025.



06. Asset Sale and Share Sale

Under the old regime, asset sales could be structured to attract a lower capital gains tax rate, while share sales often gave buyers and sellers different tax advantages. The NTA removes much of this arbitrage by aligning the capital gains rate with the corporate income tax rate. This reduces the incentive to structure disposals purely for tax reasons and places asset deals and share deals on a more equal footing. As a result, negotiations will focus less on tax differences and more on the commercial allocation of risk, valuation and warranties.[11]

07. Group Reorganisations and Mergers

The Act allows tax-free reorganisations and the carry-forward of tax losses and allowances in approved restructurings, which makes it easier for companies to merge within the same group.[12] Businesses that wish to combine operations, separate parts of their business or simplify their group structure can therefore do so with fewer tax barriers, provided they meet the required conditions. For cross-border mergers and acquisitions, however, the tighter anti-avoidance rules, CFC provisions and transfer pricing regulations will bring closer monitoring and stricter checks.

08. Disposal Strategies and Cross-Border Restructuring

The Act also raises the effective tax cost of asset disposals, compelling companies to consider alternatives such as instalment sales or tax-neutral reorganisations to preserve cash flow. At the international level, the introduction of CFC rules and global minimum tax measures reduces the attraction of shifting assets or management offshore. The use of foreign holding structures to lower effective tax rates, once a common restructuring strategy, is now riskier, more complex and potentially more costly.[13]

11. Uwaegbute and others (n 2).
12. Ibid.
13. EY Global, 'Nigeria Tax Act, 2025 Has Been Signed: Highlights' (EY, 2025) https://www.ey.com/en_gl/technical/tax-alerts/nigeria-tax-act-2025-has-been-signed-highlights accessed 27 September 2025.

09. Before and After: What Changed at a Glance

Area	Before	Under the NTA	Effect
CGT rate (companies)	10%	30%, aligned with the Companies Income Tax rate	Dearer share swaps, disposals and spin-offs
Minimum tax	No statutory minimum ETR	15% minimum ETR for large companies and MNE groups	Effective rate must be managed
Levies	Separate levies	Single 4% development levy	Simpler, but a fixed added cost
Offshore profits	No CFC rules	Retained profits deemed distributed	Offshore holding structures lose appeal

10. Practical Steps Companies Should Take

In view of these changes, companies should take the following steps.

1. **Sensitise the board and management.** Organise sensitisation sessions for board committees and executive management to deepen their understanding of the Nigeria Tax Act and its implications for business operations.

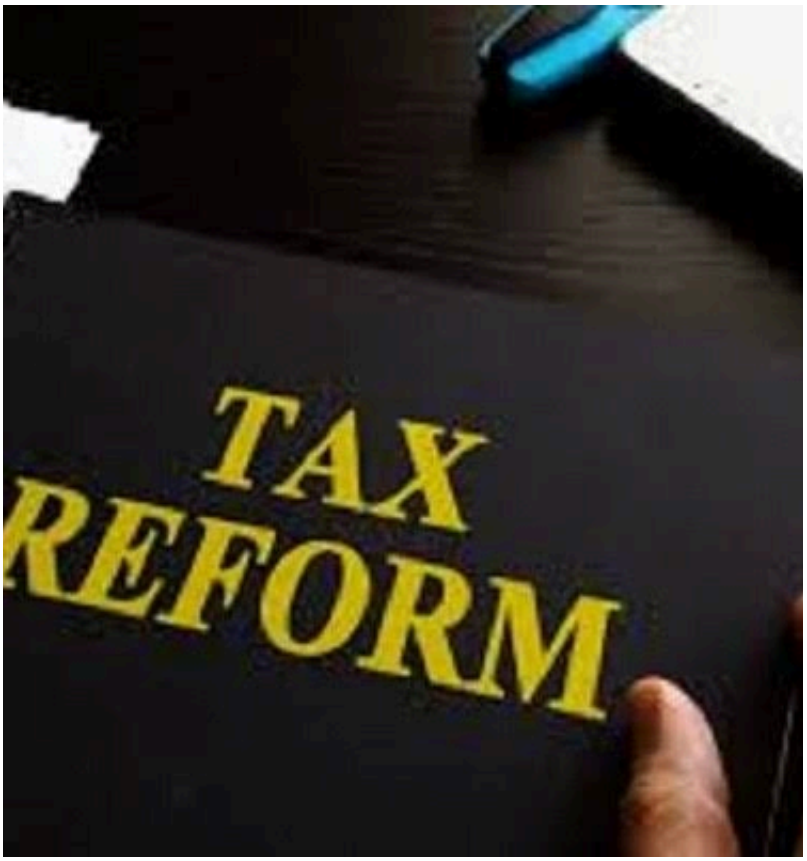
2. **Train finance and compliance staff.** Train staff in tax, finance and compliance functions so that they can apply the new provisions effectively.

3. **Track official releases.** Track circulars, guidelines and regulations of the relevant tax authorities, to remain aligned with evolving interpretations of the law.

4. **Review structures and operations.** Conduct proactive reviews of corporate structures and operations, including supply chains, financing models, acquisitions, divestments and incentive regimes, to identify risks and opportunities.

5 **Engage advisers and the tax authorities.** Engage professional advisers and maintain open dialogue with the tax authorities to clarify grey areas, mitigate disputes, and optimise restructuring and compliance strategies.

11. Conclusion



The Nigeria Tax Act 2025 represents a fundamental shift in the country's fiscal framework. By consolidating and modernising tax rules, the Act signals the government's resolve to create a transparent, equitable and business-friendly system that supports sustainable growth.

For local and international businesses alike, it offers greater clarity on restructuring choices and incentives for long-term investment. However, the higher capital gains cost, the minimum ETR and the CFC rules mean that tax planning must now be built into any restructuring from the outset. Companies that do so early will protect their cash flow and sustain their businesses.

> *Companies that do so early will protect their cash flow and sustain their businesses.*

Authorship and Review

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