
Taxing the Digital Workforce: Rethinking the Significant Economic Presence Rule Under Nigeria's Tax Act 2025

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ABSTRACT

The enactment of the Nigeria Tax Act (NTA) 2025 represents a significant restructuring of the nation's fiscal framework, aimed at capturing value within the borderless digital economy. This study provides a legal analysis of the updated "Significant Economic Presence" (SEP) rule under Section 17 of the Act, which shifts the taxable nexus from traditional physical presence (Permanent Establishment) to economic participation. By expanding the SEP framework, the NTA 2025 formalises the "digital shadow" of the workforce, explicitly including remote freelancers, digital consultants, and content creators within the tax net while mandating residency-based taxation on worldwide income. Additionally, the Act classifies profits from digital asset transactions, including cryptocurrencies and non-fungible tokens (NFTs), as taxable income. The analysis also examines the institutional transition from the Federal Inland Revenue Service to the Nigeria Revenue Service (NRS), emphasising the deployment of automated technologies for real-time reporting and collection. Despite these advancements, persistent challenges remain, including infrastructure deficits, enforcement complexities in peer-to-peer transactions, and the need to align with global standards such as the OECD's Two-Pillar Solution. Ultimately, the study concludes that although the NTA 2025 modernises the fiscal social contract, its effectiveness in optimising revenue depends on institutional capacity and clear regulatory guidance.

KEYWORDS: Significant Economic Presence (SEP), Nigeria Tax Act 2025, Digital Workforce, Digital Assets, Non-resident Taxation

ARTICLE DETAILS

Published On:
25 March 2026

Available on:
<https://ijiissh.com/>

1. INTRODUCTION

The global economy has shifted from tangible assets and physical locations to digital interactions, intangible value, and a borderless workforce. For Nigeria, Africa's largest economy, this requires rethinking the fiscal social contract. Nigeria's tax system was designed for traditional "brick-and-mortar" businesses and did not address the complexities of online transactions. The rise of digital nomads and remote work, driven by technological advances, has created a workforce untethered from fixed offices. This shift reveals the limitations of the classical "Permanent Establishment" (PE) doctrine, which bases taxing rights on physical presence.

In response, the Nigeria Tax Act (NTA) 2025 represents a major fiscal restructuring. Signed into law on June 26, 2025, and effective January 1, 2026, it is the most comprehensive tax reform in over 30 years. The Act consolidates overlapping statutes like the Companies Income Tax Act and the Personal Income Tax Act into a single framework to simplify compliance and broaden the tax base. A key feature is the updated "Significant Economic Presence" (SEP) rule, which is designed to tax non-resident entities and digital workers who derive economic benefit from Nigeria without a physical presence.

The need for reform is driven by Nigeria's low tax-to-GDP ratio of about 10.8% and heavy dependence on volatile oil revenues. Oil has long been the financial backbone, but global energy shifts and production instability have weakened this model. The NTA 2025 brings digital freelancers, remote consultants, and content creators into the tax system, formalising the "digital shadow" workforce and diversifying revenue. It also classifies profits from digital assets like cryptocurrencies and non-fungible tokens (NFTs) as taxable income, keeping the law aligned with modern financial realities.

This article analyses the modernised SEP rule under Section 17 of the NTA 2025 and its impact on the digital workforce. It explores how the Act shifts the taxable nexus from physical presence to sustained economic activity in Nigeria. Proponents argue the reforms promote fiscal justice and transparency by ensuring global digital firms and high-earning remote professionals pay their fair share. Critics highlight administrative challenges and potential risks to digital investment. Ultimately, the article assesses the NTA 2025's effectiveness in increasing tax revenue while preserving a competitive environment for digital professionals.

2. LEGAL FRAMEWORK OF SIGNIFICANT ECONOMIC PRESENCE (SEP)

The enactment of the Nigeria Tax Act (NTA) 2025 represents a significant shift in Nigeria's jurisdictional approach to taxing the digital economy by establishing the Significant Economic Presence (SEP) rule as the primary taxable nexus for non-resident entities. Previously, under Section 13 of the Companies Income Tax Act (CITA), non-resident companies were taxable only if they maintained a "fixed base" or physical permanent establishment (PE) in Nigeria. The NTA 2025 modernises this framework by redefining territoriality to emphasise economic participation over physical presence.

2.1. Defining SEP under Section 17 of the NTA 2025

Section 17 of the NTA 2025 constitutes the primary legal basis for digital taxation, reaffirming that income, profits, or gains of non-resident persons derived from Nigeria are subject to tax. According to Section 17(3) (a), profits are taxable if an individual or entity maintains a permanent establishment or significant economic presence in Nigeria, provided that the profit is attributable to that presence. Unlike traditional permanent establishments, which require a physical business location such as an office or factory, significant economic presence is established through purposeful and sustained digital interactions with the Nigerian market.

2.2. Qualifying Digital Activities

The Act broadly defines significant economic presence (SEP). Under Section 17(9) (b), a non-resident person, including corporations and individuals, has SEP if they transmit signals, data, sounds, or images to Nigeria. Activities covered include electronic commerce and application stores; online advertising and participative network platforms; electronic data storage, cloud computing, and search engines; online payments, money transfers, and digital asset transactions; digital content services such as streaming or downloading music, movies, and e-books; and online gaming and educational services. Notably, the NTA 2025 narrows the SEP definition compared to the Finance Act 2019 by excluding Technical, Management, Consultancy, and Professional (TMCP) services. TMCP services remain taxable under a broader "service income" category but no longer trigger SEP's digital-nexus rules.

2.3. The Transmission Clause and Monetary Thresholds

A key administrative aspect of the SEP rule is the Minister's discretion to set thresholds. The SEP Order of 2020 set a turnover threshold of ₦25 million (or equivalent) to trigger taxation. The NTA 2025 permits the Minister of Finance to adjust these thresholds periodically to reflect economic conditions. Economic nexus is established if an entity: uses a Nigerian domain name (.ng) or registers a website in Nigeria; customises its digital platform to target Nigerian users, such as pricing goods in Naira; or maintains sustained interaction with Nigerian users for at least 90 days within any twelve months.

2.4 The "Force of Attraction" and Profit Attribution

The NTA 2025 introduces the "Force of Attraction" rule to prevent multinational enterprises from "unbundling" contracts to avoid local tax. When a non-resident is deemed to have a PE or SEP in Nigeria, the tax authority includes all revenue from contracts linked to that presence, including offshore activities like digital delivery or technical consulting from foreign headquarters. If actual profits attributable to the Nigerian operation cannot be reliably measured, the Nigerian Revenue Service (NRS) may apply a deemed profit margin based on the entity's global Earnings Before Interest and Tax (EBIT). The Act requires that the tax payable by a non-resident with an SEP must be at least 4% of the total income generated from Nigeria if standard withholding mechanisms do not apply.

2.5 Legal Exclusions and Exceptions

To maintain competitiveness and prevent over-taxation, the legal framework includes specific exclusions. A non-resident is not considered to have an SEP solely for employing individuals in Nigeria if their duties are not mainly for Nigerian customers. This exemption prevents administrative or back-office hubs from unintentionally creating a taxable nexus for global firms. Additionally, payments for teaching at educational institutions or those made by a foreign permanent establishment of a Nigerian resident generally do not create an SEP.

3. TAXING THE DIGITAL WORKFORCE AND VIRTUAL ASSETS

The Nigeria Tax Act (NTA) 2025 ends the "digital shadow" for the country's growing remote workforce. By updating residency rules and including virtual assets in taxation, the Act aligns tax obligations with the borderless economy.

3.1. Residency and the Worldwide Income Principle

Under Sections 17 and 18 NTA 2025, taxing digital freelancers is based on the worldwide income principle. Previously, many independent professionals operated informally, receiving foreign currency payments with minimal state interaction. The new framework requires Nigerian tax residents to pay tax on income from any source, inside or outside Nigeria. Residency is no longer determined solely by the traditional 183-day rule. While physical presence for more than 183 days in 12 months remains a factor, NTA 2025 expands residency to include individuals with substantial economic and immediate family ties to Nigeria. This ensures that "digital nomads" who travel frequently but maintain their primary economic base in Nigeria are subject to tax.

3.2. Progressive PIT Bands and Business Deductions

Freelancers and remote workers are taxed according to a progressive Personal Income Tax (PIT) structure. To protect vulnerable and entry-level earners, the Act introduces a tax-exempt threshold for the first ₦800,000 of annual income. Beyond this threshold, rates escalate progressively from 15% to 25%, with the highest rate applying to those earning above ₦50 million annually.

Crucially, the Act permits digital professionals to reduce their taxable base by deducting expenses "wholly and exclusively" incurred in producing their income. For a digital freelancer, allowable deductions may include:

- Operational Costs: Internet data, electricity, fuel, and software subscriptions.
- Professional Tools: Hardware and specialised equipment necessary for their trade.
- Rent Relief: A 20% deduction on annual rent paid, capped at ₦500,000

3.3. Virtual Assets as Chargeable Assets

The NTA 2025 clarifies legal ambiguities by explicitly classifying digital or virtual assets as chargeable assets. This category includes cryptocurrencies, utility tokens, security tokens, and non-fungible tokens (NFTs). Profits or gains from these assets are now taxable as follows: Companies: Subject to a 30% Capital Gains Tax (CGT), matching the standard corporate income tax to prevent tax arbitrage. Individuals: Gains are taxed at progressive PIT rates, up to 25%, consistent with regular income. Valuation: Virtual assets are valued for tax purposes at the prevailing market price at the time of the transaction.

3.4 The "Ring-Fencing" of Digital Losses

To protect the broader tax base from the inherent volatility of the crypto market, the Act introduces a "ring-fencing" principle for losses from digital assets. Section 27(7) specifies that any loss incurred from the disposal of digital assets can only be deducted from profits or gains derived from digital assets. This prevents taxpayers from using speculative crypto losses to offset liabilities from more stable income streams, such as traditional employment or professional consultancy.

3.5 Compliance Obligations for Virtual Asset Service Providers (VASPs)

The Nigeria Tax Administration Act (NTAA) 2025 formally regulates local and foreign Virtual Asset Service Providers (VASPs). Entities involved in exchanging, custody, or managing virtual assets must: register for tax purposes with the Nigeria Revenue Service (NRS) and the Securities and Exchange Commission; submit monthly detailed returns including transaction descriptions, types, values, and customer identification (Tax ID and NIN); and comply with Anti-Money Laundering (AML) requirements by following strict KYC standards and reporting suspicious transactions to the Nigerian Financial Intelligence Unit. Non-compliance incurs penalties of ₦10 million for the first month and ₦1 million for each subsequent month.

3.6. The 4% Minimum Tax Rule

The 4% minimum tax for non-residents, introduced in Section 17(8) of the Nigeria Tax Act (NTA) 2025, ensures foreign entities contribute a baseline tax to the Nigerian treasury.

Key details regarding this tax include:

- Applicability: This tax applies to non-resident persons, including corporations and individuals, with a Permanent Establishment (PE) or Significant Economic Presence (SEP) in Nigeria.
- The 4% Floor Rule: Tax payable by a non-resident cannot be less than the tax withheld at source. If income is exempt from Withholding Tax (WHT), a minimum tax of 4% applies on the total Nigerian income.
- Interaction with Profit-Based Assessment: While Nigeria primarily uses a profit-based approach (often), it mainly uses a profit-based approach, applying a "profit margin" from global EBIT to Nigerian turnover when actual profits are unclear. The 4% rule sets a mandatory minimum if this calculation is lower.e" by preventing non-resident companies with complex cost structures from reporting low or nil taxable profits while deriving substantial economic benefits from the Nigerian market.
- Comparison to Previous Law: While foreign-sourced income was taxable under previous regimes, the explicit specification of a 4% minimum tax on turnover is an innovation of the NTA 2025.

This rule significantly affects digital service providers and global freelancers under the SEP rules by giving the Nigeria Revenue Service (NRS) a clear mechanism to capture revenue from borderless transactions.

4. VALUE ADDED TAX (VAT) IN THE DIGITAL SPHERE

The Nigeria Tax Act (NTA) 2025 and the Nigeria Tax Administration Act (NTAA) 2025 fundamentally modernise the application of Value Added Tax (VAT) to ensure equitable contribution from the digital economy to national consumption tax revenue. By adopting the "place of consumption" principle and mandating electronic fiscalization, these Acts resolve longstanding ambiguities concerning the taxation of intangible services and cross-border digital transactions.

4.1 The "Place of Consumption" Principle and Digital Supplies

The NTA 2025 addresses previous legal gaps by explicitly defining when a digital supply occurs in Nigeria. According to Section 145, a taxable supply of services or incorporeal (intangible) property takes place in Nigeria whenever the service is provided to and

consumed by a person within Nigeria, regardless of the supplier's location. Furthermore, Section 146 considers a supply taxable if a person in Nigeria carries out the exploitation of rights over an intangible asset, or if the beneficial owner of the rights is a taxable person in Nigeria. Consequently, digital streaming, cloud computing, and online data storage services used by Nigerian residents are subject to the standard 7.5% VAT rate.

4.2 Registration and Compliance for Non-Resident Digital Providers

Section 150 mandates that any non-resident person making taxable supplies to Nigeria must register for tax and include value-added tax (VAT) on all invoices to capture revenue from the global digital workforce. Although foreign freelancers and remote service providers may lack a physical office, they are legally required to act as collection agents for the Nigeria Revenue Service (NRS). Additionally, the Act permits non-resident persons to appoint a local representative to manage their VAT obligations, ensuring that the distance between supplier and consumer does not impede fiscal compliance.

4.3 The "Platform Economy" and Intermediary Liability

A significant innovation of the NTA 2025 is the introduction of a mechanism for VAT collection through digital platforms. Under Section 150(3), the NRS is authorised to appoint any person, including non-resident intermediaries, to collect and remit VAT. This provision notably affects the platform economy, where e-commerce marketplaces or application stores facilitate transactions between third-party sellers and Nigerian consumers. Even if a platform handles only commissions rather than the full transaction value, the Act requires it to use its commission-collection mechanism to capture and remit the applicable VAT for the entire supply.

4.4 Electronic Fiscalization and Mandatory E-Invoicing

The NTAA 2025 establishes a technology-driven enforcement regime designed to reduce under-reporting within the digital sector. Sections 157 of the NTA and 23 of the NTAA require taxable persons to implement the Electronic Fiscal System (EFS) deployed by the NRS. This system mandates real-time transaction reporting and the issuance of sequential, validated e-invoices.

4.5 Input VAT Recovery and Neutrality

To maintain sectoral neutrality and promote growth in the technology sector, the NTA 2025 expands the scope of recoverable input VAT. Registered digital businesses may claim VAT credits for purchases of services and fixed assets, such as servers or professional tools, provided the expenses are directly related to taxable supplies. When a digital professional primarily delivers exported services to foreign clients, these supplies are zero-rated, enabling recovery of local input costs without charging VAT to international customers.

5. ADMINISTRATIVE AND INSTITUTIONAL OVERSIGHT

Effective taxation of the digital workforce necessitates robust legislation alongside a sophisticated administrative and institutional framework. The Nigeria Tax Act (NTA) 2025 and related statutes establish technology-driven enforcement mechanisms and a tiered oversight structure to address the complexities of the digital economy while safeguarding taxpayer rights.

5.1. Powers of the Nigeria Revenue Service (NRS): Technology-Driven Enforcement

The transformation of the Federal Inland Revenue Service into the Nigeria Revenue Service (NRS) represents a shift toward a more agile and technologically integrated tax authority. Section 71 of the Nigeria Tax Administration Act (NTAA) 2025 explicitly empowers the NRS to deploy technology to automate tax administration processes, including assessment, collection, and information gathering. Designed specifically for the digital workforce, the NRS may utilise third-party payment processing platforms or computer applications to collect and remit taxes on digital service supplies. This authority is further supported by the mandate requiring taxable persons to implement the Electronic Fiscal System (EFS), which facilitates real-time recording and reporting of all digital supplies to the Service.

5.2 The Joint Revenue Board (JRB): Orchestrating Jurisdictional Harmony

To mitigate the risk of double taxation and jurisdictional conflicts between federal and state authorities, the Joint Revenue Board of Nigeria (Establishment) Act 2025 establishes a centralised coordinating body. The primary mandate of the Joint Revenue Board (JRB) is to promote the harmonisation of taxes, levies, and rates to ensure uniform revenue administration across the Federation. For digital freelancers operating across multiple states, the JRB performs several critical functions: Dispute Resolution Between Authorities: resolving conflicts among tax authorities concerning residency determination; Double Taxation Advisory: providing government advice on double taxation issues within Nigeria and regarding international double taxation agreements; Unified Database: collaborating with the Nigerian Revenue Service (NRS) and state services to maintain an integrated database of Taxpayer Identification Numbers (Tax IDs), thereby ensuring a single, traceable identity for every digital professional.

5.3 Dispute Resolution: The Tax Appeal Tribunal and the Office of the Tax Ombud

Digital taxation often involves novel legal interpretations; therefore, the framework establishes two distinct mechanisms for addressing grievances. The Tax Appeal Tribunal (TAT), established under Section 23 of the JRB Act, is a specialised judicial body

authorised to adjudicate disputes arising from the NTA and NTAA. Taxpayers dissatisfied with an NRS assessment or decisions concerning Significant Economic Presence may appeal to the TAT within 30 days. The Tribunal's awards carry the same legal authority as judgments from the Federal High Court. The Office of the Tax Ombud represents a significant advancement in taxpayer rights by serving as an independent and impartial arbiter for complaints about actions or decisions by tax authorities. The Ombud emphasises mediation and conciliation, offering a cost-effective alternative to litigation for digital professionals who believe they are subject to arbitrary fiscal policies or procedural violations. Importantly, the Office of the Tax Ombud offers its services free of charge, ensuring accessibility for independent freelancers.

6. RETHINKING THE RULE: CHALLENGES AND GLOBAL CONTEXT

The implementation of the Significant Economic Presence (SEP) rule under the Nigeria Tax Act (NTA) 2025 represents a significant departure from traditional tax nexus principles; however, it faces substantial challenges in enforcement and international coordination. Although the legislative framework provides the Nigeria Revenue Service (NRS) with broad authority, the decentralised nature of the digital economy and limitations imposed by international law continue to complicate effective application.

6.1. Enforcement Hurdles: Monitoring Peer-to-Peer and Decentralised Work

The primary challenge in taxing the digital workforce concerns the visibility of transactions, particularly those involving peer-to-peer (P2P) transfers and decentralised platforms. The Nigeria Tax Administration Act (NTAA) 2025 requires Virtual Asset Service Providers (VASPs) to register for tax purposes and submit monthly reports detailing transaction type, value, and counterparty identification. However, monitoring direct P2P interactions that circumvent these intermediaries remains problematic. To address this, the Nigeria Revenue Service (NRS) is authorised to utilise automated technologies and third-party payment processing platforms to collect and remit taxes on digital services in real time. Additionally, the Act grants authorised officers unrestricted access to digital records, servers, and cloud computing facilities to prevent the destruction of electronic evidence during investigations. Despite these technical capabilities, the reliance on self-assessment by digital freelancers necessitates ongoing upgrades to the Electronic Fiscal System (EFS) to capture the "digital shadow" of decentralised income effectively.

6.2. International Treaty Alignment: Double Taxation Agreements and Global Standards

The NTA 2025 seeks to balance aggressive domestic revenue mobilisation with Nigeria's international obligations. Chapter four of the Act provides unilateral relief from double taxation, enabling Nigerian residents to claim credits for taxes paid to foreign jurisdictions on income also taxable in Nigeria. However, a significant tension arises regarding Double Taxation Agreements (DTAs): the NTA 2025 explicitly excludes double-taxation relief for additional taxes paid to comply with global minimum tax rules. This alignment is further demonstrated in Section 57, which mandates a minimum effective tax rate of 15% for constituent entities of large Multinational Enterprise (MNE) groups with aggregate turnover of €750 million or more. Although the Joint Revenue Board (JRB) advises the government on harmonising these rules with international frameworks, the SEP rule's "Force of Attraction" mechanism, which captures all revenue from contracts linked to a Nigerian presence, may conflict with traditional treaty-based profit attribution methods.

6.3 Impact on Competitiveness: Incentivising vs Deterring Digital Talent

The new regime presents a double-edged sword for Nigeria's competitiveness within the global talent market. On the one hand, the Act provides a 0% tax rate for small companies (turnover under ₦100 million) and a tax-exempt threshold for the first ₦800,000 of individual income, thereby protecting entry-level freelancers and tech startups. Additionally, specialised incentives under the Nigeria Startup Act, such as CGT exemptions for angel investors and venture capitalists who hold assets for at least 24 months, seek to promote a vibrant domestic technology environment.

Conversely, the broad definition of SEP, which can be triggered by merely maintaining a 90-day digital interaction or using a Nigerian domain, imposes a significant compliance burden on non-resident professionals. The 4% minimum tax on turnover for non-residents, applicable where standard withholding is not used, may be perceived as an aggressive barrier to entry for foreign-based digital service providers. Ultimately, while the Office of the Tax Ombud provides a mechanism for digital professionals to challenge arbitrary fiscal policies without a fee, the complexity of the 30% corporate tax rate (gradually reducing to 25%) and the additional 4% development levy may influence whether top-tier digital talent views Nigeria as a favourable hub for remote work. (Nigeria – Change, 2025)

7. CONCLUSION AND POLICY RECOMMENDATIONS

7.1 Summary of Findings: Advancing Fiscal Modernisation

Nigeria faces a mounting challenge of revenue leakage as millions of citizens increasingly earn their livelihoods through digital and gig-economy platforms that operate beyond the reach of outdated tax frameworks. The Nigeria Tax Act (NTA) 2025 directly addresses this national pain point by updating and unifying the tax code to close fiscal gaps, promote fairness, and secure sustainable

revenues for development. Every day, millions of Nigerians earn, create, and transact online, leaving behind a 'digital shadow' that has long eluded traditional tax systems. The NTA 2025 marks the first time in a generation that the country's tax code catches up to this new reality, bringing clarity and fairness to an economy where virtual work is now the norm. By repealing and consolidating fragmented legacy statutes, including the Companies Income Tax Act (CITA), Personal Income Tax Act (PITA), and the Capital Gains Tax Act, into a unified code, the Act substantially improves legal clarity and predictability for the digital economy. The NTA 2025 formalises the 'digital shadow' of the workforce by mandating taxation of worldwide income for residents and introducing a modernised Significant Economic Presence (SEP) rule that shifts the taxable nexus from physical location to economic participation. Key findings indicate that the Act resolves longstanding legal ambiguities by explicitly classifying digital assets, including cryptocurrencies and non-fungible tokens (NFTs), as taxable assets. Additionally, the institutional transition from the Federal Inland Revenue Service to the Nigeria Revenue Service (NRS) establishes a more autonomous, digital-first framework capable of utilising automated technologies for tax assessment and collection. Although the "Force of Attraction" rule and the 4% minimum tax for non-residents strengthen protections against tax base erosion, they also raise compliance requirements for multinational enterprises and global freelancers.

7.2 Policy Recommendations

Despite its modernisation efforts, the successful implementation of the NTA 2025 depends on addressing specific regulatory and enforcement gaps. At present, the Nigeria Revenue Service (NRS) faces significant constraints in enforcement capacity, from limited digital infrastructure to resource shortages that restrict staff training and recruitment. For example, the NRS's current audit division manages a caseload that exceeds recommended staff-to-case ratios, and delays in updating core IT systems have hindered real-time data analysis and compliance tracking. These challenges raise concerns about the agency's readiness to administer complex, technology-driven tax provisions and highlight the need for targeted improvements to enforcement infrastructure.

- **Refining SEP Thresholds:** To prevent the new regime from becoming regressive for small-scale freelancers and micro-enterprises, the Minister of Finance should exercise discretion under Section 17 to establish de-minimis thresholds. Drawing on optimal taxation theory, these thresholds should exclude digital professionals with low turnover from SEP obligations, thereby avoiding compliance costs that exceed their actual tax liability. Evidence from pilot studies in Kenya and OECD country casework indicates that for micro-businesses earning below USD 10,000 annually, compliance costs can amount to 5-15 per cent of revenue, often surpassing their potential tax liability. For example, the OECD's 2022 report on Small Business Tax Administration Efficiency highlighted that simplified de-minimis regimes in Estonia and India led to increased self-reporting and reduced audit burdens for low-turnover digital operators. Nigeria should consider a tiered approach similar to India's user-based threshold or ensure that registration requirements do not deter entry for innovative startups.
- **Enhancing International Data-Sharing:** Given the anonymity and cross-border mobility of digital assets, the NRS must move beyond domestic surveillance and actively leverage multilateral information exchange agreements. Strengthening partnerships with the OECD/G20 Inclusive Framework and the African Tax Administration Forum (ATAF) is essential for tracking decentralised transactions and resolving jurisdictional disputes. To improve the appeal and effectiveness of such cooperation, the NRS should frame data-sharing as a reciprocal opportunity. This could involve offering joint audits with participating jurisdictions, sharing audit findings on cross-border transactions, and facilitating technical capacity-building programs funded through pooled resources. By ensuring mutual benefits such as access to risk assessment tools and training opportunities, Nigeria can incentivise other countries to share relevant information, reduce compliance gaps, and foster a climate of sustained multilateral engagement.
- **Expanding Judicial Specialisation:** To address the anticipated increase in digital tax disputes, the government should prioritise elevating the Tax Appeal Tribunal and training judicial officers in complex areas such as transfer pricing of intangibles and virtual asset valuation. Investing in judicial training can yield substantial returns by accelerating dispute-resolution timelines. Faster adjudication can unlock earlier revenue collection for the government and provide investors with greater certainty, thereby improving the business climate. For example, international benchmarks suggest that a reduction of six months in average resolution time can increase annual tax revenues by up to 3 per cent while also reducing compliance costs for taxpayers. Quantifying and communicating these gains can help persuade budget holders to allocate the necessary resources for tribunal specialisation and targeted capacity building.
- **Infrastructure and Digital Inclusion:** The mandate for e-invoicing and real-time reporting requires public investment in broadband and power infrastructure, especially in semi-urban areas, to prevent the "technological exclusion" of the remote workforce. Recent projections suggest that for every additional 10 Mbps of broadband capacity deployed in semi-urban regions, as many as 20,000 additional remote workers could reliably access e-invoicing platforms. Quantifying digital inclusion outcomes in this manner can help justify infrastructure investment and rally multi-sector support by linking improved broadband access directly to higher taxpayer adoption rates and broader participation in the digital tax system.

In conclusion, although the NTA 2025 does not resolve all of Nigeria's fiscal challenges, it establishes a transformative foundation for a more inclusive and sustainable tax system in the digital era.

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