



**CORPORATE TAX AVOIDANCE UNDER THE NEW TAX REGIME: LEGAL  
LOOPHOLES AND REMEDIES**

**By:**

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**ABSTRACT**

*Corporate tax avoidance remains a persistent challenge for emerging economies, and Nigeria is no exception. The enactment of the Nigeria Tax Act, 2025, effective 1<sup>st</sup> of January, 2026, consolidates multiple legacy tax statutes into a unified framework intended to enhance revenue mobilisation, improve compliance, and reduce loopholes. This article critically examined the structural design of the new tax regime to identify statutory loopholes, drafting weaknesses, and doctrinal ambiguities that enable corporate taxpayers to lawfully minimise tax obligations. The article adopted the doctrinal approach method. Using the governance oriented framework, it analysed the interplay between legislative formulation, institutional capacity, and corporate behaviour, demonstrating how avoidance strategies exploit both indeterminate statutory language and discretionary enforcement mechanisms. The article further explored the systemic implications of these loopholes for fiscal capacity, institutional integrity, regulatory power asymmetries, and the legitimacy of Nigeria's corporate tax system. Finally, it proposed targeted legal and institutional remedies to restore coherence, constrain avoidance, and reinforce the authority of the tax regime. By situating the analysis within the new 2025 tax legislation, the study offered timely insights into the structural limits of tax reform and the measures necessary to achieve sustainable corporate tax compliance in Nigeria.*

**Keywords:** Corporate Tax Avoidance; Nigeria Tax Act 2025; Statutory Loopholes; Tax Governance; Institutional Reform; Fiscal Capacity; Tax Regime.

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## 1.0 Introduction

Corporate taxation plays a critical role in Nigeria's fiscal architecture, particularly in light of persistent revenue shortfalls and the government's increasing reliance on non-oil sources of income. In response to declining corporate tax yields and growing concerns over base erosion and profit shifting, Nigeria has undertaken significant reforms of its corporate tax framework. These reforms which have been implemented through amendments to existing tax statutes, the introduction of anti-avoidance measures, and the realignment of domestic tax rules with emerging international standard collectively constitute what may be described as Nigeria's new corporate tax regime. Central to these reforms is the objective of curbing aggressive tax planning by corporate entities while maintaining an investment-friendly business environment.<sup>1</sup> Despite these legislative and regulatory interventions, corporate tax avoidance remains a persistent feature of Nigeria's tax system. Multinational and large domestic corporations continue to structure their affairs in ways that substantially reduce their corporate income tax liabilities through legally permissible mechanisms. These practices often rely on ambiguities in statutory provisions, limitations in administrative capacity, and weaknesses in the enforcement of anti-avoidance rules.<sup>2</sup> The continued prevalence of such practices raises serious questions about the effectiveness of Nigeria's recent tax reforms and their ability to address the structural drivers of corporate tax avoidance.

The distinction between tax avoidance and tax evasion is particularly significant within the Nigerian legal context. While tax evasion constitutes a criminal offence under Nigerian tax laws and attracts penal sanctions,<sup>3</sup> tax avoidance operates within the formal boundaries of the law, exploiting gaps and inconsistencies in legislative drafting and regulatory oversight.<sup>4</sup> However, the legality of tax avoidance does not negate its broader economic and social consequences. In Nigeria, widespread corporate tax avoidance exacerbates revenue constraints, undermines tax equity, distorts competition between multinational and indigenous firms, and weakens public confidence in the integrity of the tax system. This article examines corporate tax avoidance under Nigeria's new tax regime with a focus on identifying the legal loopholes that continue to facilitate aggressive tax planning by corporate entities. It critically analyses weaknesses in

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<sup>1</sup> OECD, *Addressing Base Erosion and Profit Shifting* (OECD Publishing 2013).

<sup>2</sup> Federal Board of Inland Revenue v Halliburton (WA) Ltd (2016) 4 TLRN 1.

<sup>3</sup> Companies Income Tax Act (CITA) s 40-55

<sup>4</sup> Shell Petroleum Development Company of Nigeria v FBIR (1996) 8 NWLR (Pt 466) 256.

statutory drafting, the scope and application of general anti-avoidance provisions under Nigerian tax law, deficiencies in transfer pricing regulation, and the exploitation of Nigeria's double taxation agreements.<sup>5</sup> Particular attention is paid to challenges arising from the digital and intangible economy, including the taxation of non-resident companies with significant economic presence in Nigeria.

The article is guided by three central questions viz what legal and structural loopholes persist within Nigeria's corporate tax framework despite recent reforms; why have these loopholes endured in the face of legislative intervention and; what legal and policy remedies are capable of addressing corporate tax avoidance in Nigeria without discouraging legitimate business activity and foreign investment. To answer these questions, the article adopts the doctrinal and comparative approach, drawing on Nigerian statutes, judicial decisions, regulatory instruments, and relevant international best practices, particularly the OECD Base Erosion and Profit Shifting framework. The article argues that while Nigeria's new tax regime represents a deliberate and commendable attempt to modernise corporate taxation and enhance revenue mobilisation, its effectiveness is significantly undermined by unresolved legal ambiguities, enforcement constraints, and the increasing sophistication of corporate tax planning. It concludes that addressing corporate tax avoidance in Nigeria requires a more coherent and adaptive approach that integrates precise legislative drafting, strengthened anti-avoidance mechanisms, improved administrative capacity, and sustained international cooperation.

## **2.0 Conceptual and Legal Framework**

Any meaningful assessment of corporate tax avoidance under Nigeria's new tax regime must be grounded in a clear understanding of the conceptual boundaries of tax avoidance and the legal architecture within which corporate taxation operates. The effectiveness of recent reforms cannot be evaluated in isolation from the principles, statutory structures, and regulatory mechanisms that define the limits of lawful tax planning in Nigeria. Without this foundation, discussions of loopholes risk devolving into normative critique rather than rigorous legal analysis.

This study therefore establishes the conceptual and legal framework necessary for analysing corporate tax avoidance in Nigeria. It clarifies the meaning of corporate tax avoidance within the

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<sup>5</sup> Double Taxation Agreements between Nigeria and the United Kingdom, the Netherlands, China and |South Africa.

Nigerian legal context, distinguishes it from tax evasion, and outlines the key components of Nigeria's corporate tax regime as reformed by recent legislative and regulatory interventions. Particular attention is paid to the role of anti-avoidance provisions, transfer pricing regulation, the taxation of non-resident companies, and Nigeria's treaty obligations, as these areas constitute the primary legal sites through which corporate tax avoidance is both enabled and contested.

## **2.1 Concept of Corporate Tax Avoidance in Nigerian Tax Law**

Corporate tax avoidance refers to the arrangement of corporate affairs in a manner that reduces tax liability through the exploitation of gaps, ambiguities, or inconsistencies within the tax law, while remaining formally compliant with statutory provisions.<sup>6</sup> Under Nigerian tax law, tax avoidance is not expressly prohibited per se, provided that the transactions in question do not amount to fraud, misrepresentation, or other forms of illegality that would constitute tax evasion.<sup>7</sup> This legal tolerance of tax avoidance reflects the long-standing principle that taxpayers are entitled to organise their affairs in a tax-efficient manner, subject to the limits imposed by law.<sup>8</sup>

In Nigeria, corporate tax avoidance has assumed particular significance due to its scale and impact on public revenue. Large domestic corporations and multinational enterprises frequently employ complex corporate structures, related-party transactions, and cross-border arrangements to shift profits away from Nigeria or to minimise taxable income within the jurisdiction.<sup>9</sup> While such practices may comply with the letter of Nigerian tax statutes, they often undermine the underlying objectives of the tax system, particularly revenue mobilisation and tax equity.

The conceptual challenge in regulating corporate tax avoidance in Nigeria therefore lies in reconciling formal legality with economic substance. Nigerian tax law has historically prioritised legal form over commercial reality, creating opportunities for taxpayers to exploit technical compliance. This approach has increasingly come under strain, especially in the context of globalised business operations and the digital economy, where value creation is not easily aligned with physical presence or traditional notions of source.<sup>10</sup>

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<sup>6</sup>Shell Petroleum Development Company of Nigeria Ltd v FBIR (n 4)

<sup>7</sup> CITA ss 40-55

<sup>8</sup> IRC v Duke of Westminster [1936] AC 1.

<sup>9</sup> FBIR v Halliburton (n 2)

<sup>10</sup> OECD, *Tax Challenges Arising from Digitalisation* (OECD Publishing 2018).

## **2.2 Tax Avoidance and Tax Evasion**

The distinction between tax avoidance and tax evasion remains a foundational principle of Nigerian tax jurisprudence. Tax evasion involves the deliberate concealment or misrepresentation of income, profits, or transactions with the intent to defeat tax obligations and constitutes a criminal offence under Nigerian tax laws.<sup>11</sup> Tax avoidance, by contrast, operates within the confines of the law, relying on lawful arrangements that reduce tax exposure.<sup>12</sup> Notwithstanding this distinction, Nigerian tax policy has increasingly acknowledged that aggressive tax avoidance can be as damaging to the tax system as outright evasion. The economic consequences of widespread avoidance—reduced tax revenue, competitive distortion, and erosion of taxpayer confidence—have prompted legislative and administrative efforts to constrain avoidance practices without criminalising legitimate tax planning.

This policy shift is reflected in the gradual expansion of anti-avoidance provisions and regulatory oversight mechanisms within Nigeria’s corporate tax framework. Nevertheless, the absence of clear statutory thresholds distinguishing acceptable tax planning from impermissible avoidance continues to generate uncertainty. This uncertainty places significant discretionary power in the hands of tax authorities and contributes to inconsistent enforcement, thereby reinforcing the need for clearer legal standards and purposive interpretation within the Nigerian tax system.<sup>13</sup>

## **2.3 Overview of Nigeria’s New Corporate Tax Regime**

Nigeria’s new corporate tax regime is not the product of a single legislative instrument, but rather the cumulative result of a series of reforms implemented primarily through successive Finance Acts and regulatory instruments. These reforms were introduced against the backdrop of declining oil revenues, increasing fiscal deficits, and international pressure to align domestic tax systems with global anti-avoidance standards. Key elements of the new regime include amendments to the Companies Income Tax Act (CITA), the introduction of rules on significant economic presence for non-resident companies, enhanced transfer pricing regulations, and expanded information and compliance obligations for corporate taxpayers. Collectively, these measures seek to broaden the tax base, reduce opportunities for profit shifting, and strengthen the enforcement capacity of the Federal Inland Revenue Service (FIRS).

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<sup>11</sup> CITA s 22.

<sup>12</sup> Duke of Westminster (n 8)

<sup>13</sup> OECD, *Model Tax Convention on Income and on Capital* (OECD Publishing 2025)

While these reforms mark a significant departure from Nigeria’s historically conservative approach to corporate taxation, they remain largely incremental in nature. Rather than fundamentally restructuring the corporate tax system, the new regime focuses on plugging identifiable gaps and enhancing administrative oversight.<sup>14</sup> This instrumentalism has limited the regime’s capacity to respond effectively to increasingly sophisticated avoidance strategies.

#### **2.4 General Anti-Avoidance Rules under Nigerian Law**

Section 22 of the Companies Income Tax Act constitutes the primary general anti-avoidance rule within Nigeria’s corporate tax framework. The provision empowers the FIRS to disregard or recharacterise transactions that it considers artificial or fictitious and to make such adjustments as may be necessary to counteract tax avoidance. Despite its apparent breadth, the practical effectiveness of section 22 has been constrained by several factors. The provision is broadly framed and heavily discretionary, offering limited guidance on the criteria for determining when a transaction lacks economic substance. Its application also depends significantly on the investigative and technical capacity of the tax authority, as well as on the willingness of courts and tribunals to adopt a purposive approach to statutory interpretation.<sup>15</sup>

As a result, section 22 has been applied sparingly in practice, and there is limited judicial guidance on its scope and limits.<sup>16</sup> This under-utilisation has weakened its deterrent effect and allowed corporate taxpayers to continue relying on formal compliance to shield aggressive avoidance arrangements from scrutiny.

#### **2.5 Transfer Pricing Regulation and Related-Party Transactions**

Transfer pricing represents one of the most significant channels for corporate tax avoidance in Nigeria, particularly among multinational enterprises.<sup>17</sup> The Income Tax (Transfer Pricing) Regulations 2018 establish the arm’s length principle as the governing standard for related-party transactions and impose documentation and disclosure obligations on corporate taxpayers.<sup>18</sup> While the transfer pricing regime reflects Nigeria’s commitment to international best practices, its effectiveness is undermined by structural and practical challenges. These include

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<sup>14</sup> Finance Act 2023

<sup>15</sup> Halliburton (n 2)

<sup>16</sup> Ibid.

<sup>17</sup> OECD, *Transfer Pricing Guidelines for Multinational Enterprises* (OECD Publishing, 2025)

<sup>18</sup> Income Tax (Transfer Pricing) Regulations 2018.

difficulties in identifying reliable comparables within the Nigerian market, information asymmetry between taxpayers and the tax authority, and the high compliance and enforcement costs associated with complex transfer pricing audits.

These challenges limit the capacity of the transfer pricing framework to effectively counter profit shifting, particularly where transactions involve intangibles, intra-group services, or financing arrangements that are inherently difficult to value. Consequently, transfer pricing regulation, though formally robust, remains vulnerable to exploitation in practice.<sup>19</sup>

## **2.6 Taxation of Non-Resident Companies and the Digital Economy**

The taxation of non-resident companies has emerged as a central feature of Nigeria's new tax regime, particularly in response to the growth of the digital economy. Amendments to section 13 of CITA, introduced the concept of significant economic presence as a basis for taxing non-resident companies that derive income from Nigeria without physical presence.

While the introduction of significant economic presence represents a notable expansion of Nigeria's taxing rights, its implementation has raised complex legal and administrative issues. The determination of economic presence, attribution of profits, and enforcement against non-resident entities remain fraught with uncertainty. These challenges create opportunities for digital and technology-driven companies to structure their operations in ways that minimise exposure to Nigerian corporate tax.<sup>20</sup>

## **2.7 Double Taxation Agreements and Treaty-Based Avoidance**

Nigeria has entered into several double taxation agreements aimed at preventing double taxation and promoting cross-border investment.<sup>21</sup> However, these agreements have also created opportunities for treaty-based tax avoidance, particularly through treaty shopping and the exploitation of reduced withholding tax rates. Many of Nigeria's older treaties lack robust anti-abuse provisions, such as limitation-of-benefits clauses, and have not been renegotiated to reflect contemporary anti-avoidance standards. This has allowed corporate taxpayers to interpose entities in treaty jurisdictions to access preferential tax treatment without substantive economic activity.

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<sup>19</sup> OECD, Transfer Pricing Guidelines (n 17)

<sup>20</sup> OECD, Tax Challenges Arising from Digitalisation (n 10)

<sup>21</sup> Nigeria-UK Double Taxation Agreement.

### **3.0 Structural, Doctrinal and Transitional Loopholes in Nigeria’s Corporate Tax Regime**

Despite the introduction of successive Finance Acts and the articulation of a “new tax regime” aimed at broadening Nigeria’s corporate tax base, the persistence of corporate tax avoidance suggests a deeper, more systemic problem. The issue is not simply one of taxpayer non-compliance or administrative inefficiency, but rather the cumulative effect of legislative design failures, doctrinal fragility within Nigeria’s anti-avoidance framework, and an incomplete transition from traditional tax concepts to the realities of a modern and digitised economy.

Nigeria’s corporate tax laws, particularly the Companies Income Tax Act (CITA) as amended, reveal a pattern of incremental reform that prioritises revenue mobilisation without sufficiently re-engineering the underlying legal architecture. As a result, ambiguities in statutory drafting, weakly articulated anti-avoidance doctrines, and an increasing reliance on administrative guidance have combined to create legally defensible spaces within which sophisticated corporate taxpayers can minimise tax liability without formally breaching the law.

This section interrogates these structural, doctrinal and transitional loopholes in a holistic manner. Rather than treating individual avoidance mechanisms in isolation, it examines how defects in legislative drafting, limitations of the General Anti-Avoidance Rule, and the misalignment between Nigeria’s tax statutes and contemporary business models interact to facilitate corporate tax avoidance under the new tax regime. Understanding these interconnected weaknesses is essential for designing remedies that move beyond surface-level enforcement and address the root causes of avoidance within the legal framework itself.

#### **3.1 Legislative Drafting Failures and Structural Statutory Gaps**

One of the most persistent enablers of corporate tax avoidance in Nigeria, lies not in deliberate taxpayer defiance, but in the architecture of the tax statutes themselves despite multiple amendments through successive Finance Acts, the Companies Income Tax Act (CITA) continues to reflect a drafting approach that is incremental rather than systemic, reactive rather than anticipatory.<sup>22</sup> This has resulted in a framework that formally asserts anti-avoidance objectives while substantively leaving critical concepts under-defined or inconsistently articulated. At the centre of this problem is the reliance on open-textured statutory language to regulate complex

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<sup>22</sup> Companies Income Tax Act (CITA) Cap C21 LFN 2004 (as amended).

corporate behaviour. Provisions such as section 22 of CITA empower the Federal Inland Revenue Service (FIRS) to disregard transactions deemed “artificial” or “fictitious”, yet the statute provides no objective criteria for determining when a transaction crosses that threshold.<sup>23</sup> This drafting choice effectively transfers the burden of meaning-making from the legislature to administrators and courts, creating interpretive uncertainty that sophisticated taxpayers are able to exploit through meticulous compliance with legal form while undermining economic substance. The structural weakness is compounded by the absence of a codified economic substance doctrine within Nigeria’s corporate tax legislation. Unlike jurisdictions that expressly require transactions to demonstrate commercial rationale beyond tax advantage, Nigerian tax statutes rely heavily on discretionary anti-avoidance powers. The consequence is a legal environment in which avoidance arrangements remain lawful unless they can be conclusively characterised as artificial, a standard that is both evidentially demanding and doctrinally fragile.<sup>24</sup>

Furthermore, the amendment process introduced by the Finance Acts has produced a patchwork statutory regime rather than a coherent legislative redesign. New concepts—such as significant economic presence, digital taxation rules, and revised deductibility thresholds—are frequently inserted into existing provisions without harmonisation with related sections of CITA.<sup>25</sup> This has generated internal inconsistencies, overlapping obligations, and interpretive gaps that corporations can lawfully navigate through strategic structuring. Rather than closing loopholes, these piecemeal reforms have, in some instances, merely displaced them. Another notable drafting deficiency is the over-reliance on administrative discretion to cure legislative silence. Key operational details are routinely deferred to regulations, guidelines, or information circulars issued by FIRS. While such instruments may enhance administrative flexibility, they lack the normative force and certainty of primary legislation. This creates a dual system in which statutory obligations are formally clear but substantively incomplete, allowing corporate taxpayers to challenge or circumvent enforcement measures on legality and ultra vires grounds.

Taken together, these drafting failures reveal a deeper legislative tension within Nigeria’s corporate tax regime: the desire to preserve administrative flexibility while confronting increasingly sophisticated avoidance strategies. By privileging discretion over precision and

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<sup>23</sup> CITA s 22

<sup>24</sup> *Shell Petroleum Development Company of Nigeria Ltd v FBIR* (1996) 8 NWLR (Pt 466) 256.

<sup>25</sup> CITA s 13; Income Tax (Significant Economic Presence) Order 2020.

amendment over redesign, the law inadvertently constructs legally defensible spaces for avoidance. These structural gaps are not accidental oversights; they are the predictable outcome of a legislative approach that has not fully recalibrated corporate tax law to contemporary economic realities. This structural weakness sets the stage for the doctrinal limitations examined in the next subsection, where the fragility of Nigeria's anti-avoidance framework further constrains the ability of tax authorities to neutralise avoidance even when statutory intent appears clear.

### **3.2 Doctrinal Fragility of Nigeria's Anti-Avoidance Framework**

Beyond deficiencies in legislative drafting, corporate tax avoidance in Nigeria is sustained by the doctrinal weakness of the anti-avoidance framework itself. Even where statutory provisions ostensibly empower tax authorities to counteract avoidance, the underlying legal doctrines governing their application remain underdeveloped, inconsistently applied, and heavily constrained by judicial formalism. This doctrinal fragility significantly limits the effectiveness of Nigeria's principal anti-avoidance tools. The General Anti-Avoidance Rule (GAAR) under section 22 of the Companies Income Tax Act represents the cornerstone of Nigeria's anti-avoidance regime.<sup>26</sup> In theory, it authorises the Federal Inland Revenue Service (FIRS) to disregard arrangements designed to reduce or avoid tax liabilities. In practice, however, the provision operates within a doctrinal environment that prioritises legal form over economic substance, thereby neutralising much of its intended effect. Transactions that are meticulously structured to comply with formal legal requirements frequently survive challenge, even where their commercial rationale is tenuous.

This outcome is reinforced by the absence of a settled judicial commitment to substance-over-form reasoning in Nigerian tax jurisprudence. Courts and tribunals have historically demonstrated reluctance to invalidate arrangements solely on the basis of tax motivation, particularly where statutory provisions have been technically complied with.<sup>27</sup> The burden placed on FIRS to prove artificiality or fictitiousness is consequently elevated to a level that few avoidance cases can realistically meet. The result is a GAAR that exists more as a symbolic deterrent than as a consistently effective enforcement mechanism. Compounding this difficulty is

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<sup>26</sup> CITA s 22

<sup>27</sup> FBIR v Halliburton (n 2)

the evidentiary and procedural disadvantage faced by tax authorities in avoidance disputes. Corporate taxpayers often possess superior access to transaction documentation, valuation expertise, and cross-border structuring information. In contrast, FIRS must reconstruct intent and economic reality from incomplete disclosures, frequently within compressed audit timelines. Without a doctrinal presumption in favour of economic substance, enforcement efforts are structurally skewed in favour of the taxpayer.<sup>28</sup> The fragility of Nigeria's anti-avoidance doctrine is further illustrated by the limited integration between GAAR and sector-specific anti-avoidance rules, such as transfer pricing and thin capitalisation provisions. Rather than operating as mutually reinforcing tools, these regimes often function in silos, each subject to its own evidentiary thresholds and interpretive uncertainties. This fragmentation enables taxpayers to design arrangements that technically comply with specific rules while collectively achieving avoidance outcomes that GAAR was intended to prevent.

Moreover, Nigeria's anti-avoidance framework lacks a clear normative statement of purpose against which corporate conduct can be assessed. Unlike jurisdictions that explicitly recognise the prevention of tax base erosion as a guiding interpretive principle, Nigerian courts are left to infer legislative intent from narrowly framed provisions. This interpretive vacuum limits the judiciary's willingness to adopt purposive approaches, reinforcing a conservative doctrinal posture that favours certainty over equity. The cumulative effect of these doctrinal limitations is a legal environment in which avoidance strategies are rarely defeated on principle. Instead, enforcement success depends on exceptional factual circumstances or procedural missteps by taxpayers. As long as anti-avoidance remains doctrinally fragile, legislative reforms and administrative initiatives will continue to yield diminishing returns. This doctrinal weakness interacts closely with the transitional failures examined in the next subsection, particularly as Nigeria attempts to extend traditional tax concepts to digital and intangible-driven business models under the new tax regime.

### **3.3 Transitional and Regime-Coherence Failures under Nigeria's New Tax Framework**

Nigeria's recent corporate tax reforms, principally enacted through successive Finance Acts, are often described as constituting a "new tax regime".<sup>29</sup> However, this characterisation obscures a

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<sup>28</sup>Shellv FBIR (n 24)

<sup>29</sup> Finance Act, 2025.

critical weakness: the reforms have largely been implemented through layering and modification of existing statutory provisions rather than a holistic reconstruction of the corporate tax framework. This transitional approach has produced significant regime-coherence failures that inadvertently facilitate corporate tax avoidance.

At a structural level, the Finance Acts operate as incremental legislative overlays on the Companies Income Tax Act, introducing new concepts while leaving foundational assumptions intact. Rather than recalibrating the internal logic of the statute, the reforms frequently insert discrete provisions—such as revised tax thresholds, new charging mechanisms, and sector-specific rules—into a legal framework originally designed for a substantially different economic environment.<sup>30</sup> The result is a statute that contains modern tax objectives embedded within an outdated conceptual architecture. This method of reform has generated internal inconsistencies and interpretive tension across the statute. Provisions introduced to expand the tax net often coexist uneasily with older sections that presuppose physical presence, tangible assets, and territorially bounded business operations. Corporations are therefore able to rely on older statutory concepts to limit the reach of newer provisions, exploiting the absence of clear legislative guidance on how conflicts between legacy and reform-era rules should be resolved.

The coherence problem is further intensified by the temporal fragmentation of reform. Because changes are introduced annually, corporate taxpayers are able to anticipate legislative direction and restructure transactions during transitional periods. In the absence of transitional anti-avoidance provisions or retroactive clarifications, the law creates windows within which avoidance strategies can be lawfully executed before regulatory intent crystallises into enforceable rules. Moreover, the reliance on Finance Acts as the primary reform vehicle has diluted legislative clarity. Finance Acts are designed as omnibus instruments, addressing multiple tax statutes simultaneously. While this enhances administrative efficiency, it reduces doctrinal precision.<sup>31</sup> Amendments to CITA are often terse, cross-referential, and insufficiently integrated with existing provisions, leaving significant interpretive discretion to administrators and courts. This discretion, as previously discussed, tends to operate conservatively, favouring formal compliance over purposive interpretation.

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<sup>30</sup> CITA ss 9-13

<sup>31</sup> Finance Act (n 29)

These regime-coherence failures are particularly significant because they interact directly with the drafting and doctrinal weaknesses already identified. Ambiguous provisions become more exploitable when layered onto a statute lacking conceptual unity, and anti-avoidance doctrines struggle to operate effectively in the absence of a clear legislative hierarchy. The consequence is a legal environment in which reform objectives are undermined not by resistance, but by structural misalignment. Ultimately, Nigeria's transition toward a modern corporate tax regime has been constrained by its commitment to continuity over reconstruction. By reforming at the margins rather than at the core, the legislature has preserved the formal appearance of modernization while leaving intact the conditions that enable corporate tax avoidance. These transitional failures provide critical context for understanding why even well-intentioned reforms have struggled to deliver substantive change.

### **3.4 Administrative Dependence and Soft-Law Substitution**

A further dimension of corporate tax avoidance under Nigeria's new tax regime, is the increasing reliance on administrative guidance as a substitute for legislative clarity. Faced with statutory ambiguities, doctrinal uncertainty, and regime incoherence, the Federal Inland Revenue Service (FIRS) has progressively turned to circulars, information notes, guidelines, and practice directions to operationalise the corporate tax system.<sup>32</sup> While administratively expedient, this approach has introduced a distinct category of legal vulnerability that sophisticated corporate taxpayers are able to exploit. Soft-law instruments occupy an inherently ambiguous position within Nigeria's legal hierarchy. They are intended to clarify statutory obligations and facilitate compliance, yet they lack the binding force of primary legislation and subsidiary regulations made pursuant to express statutory authority. In the corporate tax context, this ambiguity creates a strategic opportunity: taxpayers may comply with administrative guidance when convenient, but challenge its enforceability when it conflicts with narrow statutory interpretation or commercial objectives. This reliance on soft law is particularly evident in areas where the statutory framework is underdeveloped or internally inconsistent. Rather than resolving these gaps through legislative amendment, administrative guidance is often used to articulate thresholds, define concepts, or impose procedural obligations that are not explicitly grounded in

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<sup>32</sup> FIRS Information Circulars issued pursuant to FIRS (Establishment) Act 2007.

CITA. While this may temporarily stabilise enforcement, it also exposes the tax authority to challenges based on ultra vires action, legal certainty, and the principle of legality.

The substitution of legislation with administration also shifts the balance of power in avoidance disputes. Courts, conscious of the constitutional limits of administrative authority, are generally reluctant to enforce obligations that derive primarily from circulars rather than statute. As a result, corporate taxpayers are incentivised to structure transactions in reliance on statutory silence, knowing that administrative attempts to fill those gaps may not withstand judicial scrutiny.<sup>33</sup> Furthermore, soft-law dependence reinforces inequality within the tax system. Well-resourced corporations are better positioned to interpret, anticipate, and contest administrative guidance, while smaller taxpayers often treat such instruments as binding in practice. This asymmetry deepens compliance disparities and undermines the normative legitimacy of the tax regime. Crucially, the growing role of administrative guidance does not merely reflect enforcement challenges; it signals a deeper institutional concession. By attempting to manage avoidance through interpretation rather than legislation, the system implicitly acknowledges the insufficiency of the statutory framework. In doing so, it normalises a mode of governance in which legal certainty is sacrificed for administrative flexibility—an exchange that ultimately benefits sophisticated avoiders rather than the revenue authority. This administrative dependence completes the structural cycle identified in this chapter: legislative ambiguity necessitates doctrinal caution; doctrinal caution encourages administrative substitution; and administrative substitution, in turn, creates legally defensible spaces for avoidance. The cumulative effect is a corporate tax regime in which avoidance persists not in spite of the law, but because of how the law is constructed, interpreted, and administered.

### **3.5 Synthesis: The Interaction of Structural, Doctrinal and Transitional Loopholes**

The persistence of corporate tax avoidance under Nigeria's new tax regime cannot be adequately explained by any single defect within the legal framework. Rather, it is the product of a self-reinforcing interaction between legislative drafting failures, doctrinal fragility, transitional incoherence, and administrative substitution. Each weakness magnifies the effects of the others, creating a system in which avoidance is not merely possible, but legally sustainable.

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<sup>33</sup> See *A.G Federation v Abubakar* (2007) 10NWLR (pt 1041) 1 on limits of administrative power

Legislative ambiguity forms the foundation of this interaction. Vaguely drafted provisions and incomplete statutory coverage create interpretive uncertainty, which, in turn, constrains the development of robust anti-avoidance doctrine. Where the legislature fails to articulate clear standards—such as economic substance or purposive intent—courts are reluctant to supply them. This judicial caution transforms statutory silence into a safe harbour for sophisticated corporate structuring. Doctrinal fragility then compounds this uncertainty. The weak operationalisation of the General Anti-Avoidance Rule and the judiciary’s preference for formal compliance over economic reality limit the ability of tax authorities to challenge avoidance arrangements on principle. In this environment, compliance becomes a matter of technical legality rather than substantive fairness, allowing corporations to achieve avoidance outcomes while remaining within the letter of the law. Transitional and regime-coherence failures further intensify these dynamics. By layering reforms onto an outdated statutory architecture, the Finance Acts introduce modern tax objectives without resolving underlying conceptual inconsistencies. Corporations are thus able to selectively invoke legacy provisions to neutralise reform-era measures, exploiting temporal and structural gaps that arise during periods of legislative transition.

Administrative dependence emerges as a response to these cumulative failures, but ultimately entrenches them. Soft-law instruments attempt to stabilise enforcement where legislation and doctrine fall short, yet their limited legal status weakens their effectiveness. The resulting cycle incentivises taxpayers to rely on statutory gaps while resisting administrative overreach, reinforcing avoidance strategies that are difficult to dislodge through litigation or audit. What emerges is a corporate tax regime characterised by formal reform without functional coherence. Avoidance persists not because the law is absent, but because it is fragmented—designed incrementally, interpreted conservatively, and administered defensively. This interaction explains why enforcement-focused responses, however aggressive, have yielded limited success, and why legislative amendments have frequently failed to translate into sustained revenue gains. Recognising this interaction is critical. Remedies that target only one dimension—whether enforcement, drafting, or administration—are unlikely to succeed in isolation. Effective reform must therefore address the structural design of tax statutes, the doctrinal foundations of anti-avoidance, and the transitional logic of reform implementation as an integrated whole.

This analysis provides the conceptual foundation for the next section, which examines the broader implications of corporate tax avoidance for revenue mobilisation, tax equity, and investor confidence within Nigeria's evolving tax system.

#### **4.0 Systemic Implications of Corporate Tax Avoidance under Nigeria's New Tax Regime**

The analysis in the preceding section demonstrates that corporate tax avoidance under Nigeria's new tax regime is not an incidental by-product of weak enforcement, but a structural feature of the legal framework itself. Where legislative ambiguity, doctrinal fragility, transitional incoherence, and administrative substitution converge, avoidance becomes legally sustainable and institutionally entrenched. The significance of this finding lies not merely in the existence of avoidance, but in what its persistence reveals about the functioning of the corporate tax system as a tool of governance. This section moves beyond doctrinal diagnosis to examine the systemic implications of corporate tax avoidance for Nigeria's fiscal and regulatory order. Rather than treating avoidance as a technical tax problem, it situates the phenomenon within broader questions of fiscal capacity, power distribution between the state and corporate actors, institutional effectiveness, and the legitimacy of the tax system. In doing so, it reframes corporate tax avoidance as a challenge to the state's ability to translate legal authority into predictable fiscal outcomes.

The implications discussed in this section are not discrete or static. They are interrelated consequences that reinforce one another over time, producing feedback loops that weaken revenue mobilisation, distort regulatory behaviour, and erode normative compliance. Understanding these implications is essential, not only for assessing the costs of corporate tax avoidance, but for evaluating the limits of Nigeria's current reform strategy and the conditions under which meaningful reform can occur. By foregrounding these systemic effects, this section provides the analytical bridge between the identification of legal loopholes and the formulation of effective remedies. It establishes why incremental enforcement responses are insufficient and why any sustainable solution must address the structural foundations of corporate taxation within Nigeria's evolving legal and economic landscape.

#### **4.1 Fiscal Capacity Erosion and the Illusion of Revenue Reform**

One of the most consequential implications of corporate tax avoidance under Nigeria's new tax regime is not simply the reduction of corporate tax revenue, but the progressive erosion of the state's fiscal capacity. Fiscal capacity, in this sense, refers not only to the ability to raise revenue, but to the institutional competence to predict, control, and stabilise the tax base through law.<sup>34</sup> Corporate tax avoidance undermines this capacity by rendering revenue outcomes contingent on private structuring decisions rather than public regulatory design.

The Introduction of successive Finance Acts has created the appearance of continuous reform and fiscal responsiveness. However, where avoidance persists through legally defensible mechanisms, reform becomes largely symbolic. Statutory amendments expand the formal tax net without delivering commensurate increases in effective tax collection, producing what may be described as an illusion of revenue reform. The state legislates change, but the underlying distribution of tax burdens remains largely unaffected for the most sophisticated taxpayers. This disconnect has profound implications for fiscal planning. When taxable profits can be lawfully displaced or recharacterised, revenue projections lose reliability. Budgetary assumptions are weakened, medium-term expenditure frameworks become speculative, and the state's capacity to engage in credible long-term planning is compromised.<sup>35</sup> In this context, corporate tax avoidance functions as a structural constraint on fiscal governance rather than a temporary revenue challenge.

More critically, the persistence of avoidance reveals a limitation of reform strategy itself. By prioritising incremental statutory amendments over structural redesign, the new tax regime seeks to enhance revenue within an unchanged legal architecture. This approach assumes that compliance will follow legislative intent. However, as Section 3 demonstrates, the interaction of drafting ambiguities, doctrinal fragility, and regime incoherence ensures that intent is routinely neutralised. The result is a cycle in which legislative activity substitutes for fiscal effectiveness. Over time, this dynamic risks entrenching a form of revenue futility. The state continues to legislate in response to fiscal pressures, yet each reform yields diminishing marginal returns. Corporate tax law becomes increasingly complex without becoming more effective, and reform fatigue sets in both within the tax administration and among compliant taxpayers. This

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<sup>34</sup>Besley T and Pearson T, 'Taxation and Development' (2014) 99 JEP 99.

<sup>35</sup>IMF, Revenue Mobilization in Developing Economics (2018).

erosion of fiscal capacity is particularly damaging in a political economy that relies on non-oil revenue expansion to sustain public expenditure and macroeconomic stability.

Ultimately, the persistence of corporate tax avoidance under the new tax regime exposes the limits of revenue mobilisation through law alone. Where the legal framework cannot reliably convert economic activity into predictable tax outcomes, fiscal sovereignty itself is weakened. Addressing this challenge therefore requires more than additional amendments; it demands a rethinking of how corporate tax law is designed, interpreted, and embedded within Nigeria's broader governance framework.

#### **4.2 Reconfiguration of Power Between the State and Corporate Taxpayers**

Corporate tax avoidance under Nigeria's new tax regime has produced a subtle but significant reconfiguration of power between the state and large corporate taxpayers. This shift is not driven by illegality or corruption, but by the structural ability of sophisticated corporations to operate within, interpret, and strategically exploit a fragmented legal framework.<sup>36</sup> In doing so, corporate actors increasingly function not merely as subjects of tax law, but as *de facto* participants in its practical definition.

Where statutory provisions are ambiguously drafted and anti-avoidance doctrines weakly articulated, the meaning of tax obligations is no longer determined primarily by legislation or adjudication. Instead, it emerges through a process of strategic compliance, negotiation, and selective contestation. Corporations structure transactions in anticipation of enforcement limits, judicial conservatism, and administrative uncertainty, effectively shaping the operational boundaries of the tax system in advance. The state, in turn, responds reactively rather than authoritatively. This dynamic alters the character of taxation from a rule-based regulatory system to a form of negotiated governance. Enforcement outcomes become contingent on relative bargaining power, informational asymmetry, and litigation risk rather than on clear legal standards. Large corporate taxpayers, equipped with technical expertise and cross-border flexibility, are better positioned to test legal boundaries and resist unfavourable interpretations. Smaller firms, lacking comparable resources, remain subject to more rigid compliance expectations, deepening structural inequality within the tax system.

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<sup>36</sup>Braithwaite J, *Markets in Vice, Markets in Virtue* (OUP 2005).

The reconfiguration of power is further reinforced by the state's reliance on administrative discretion and soft-law instruments. As regulatory guidance replaces statutory precision, corporate taxpayers gain leverage to challenge enforcement actions on legality grounds while simultaneously benefiting from interpretive ambiguity. This asymmetry places tax authorities in a defensive posture, incentivising compromise, selective enforcement, and risk-averse audit strategies. Over time, enforcement ceases to function as an expression of sovereign authority and instead becomes an exercise in damage limitation. Importantly, this shift does not require overt regulatory capture in the traditional sense. Power is redistributed through legal design and institutional constraint, not improper influence. By operating within a system that privileges form, discretion, and incremental reform, corporations are able to convert legal uncertainty into strategic advantage. The result is a tax order in which compliance obligations are unevenly internalised and enforcement outcomes increasingly predictable to those best equipped to navigate complexity. This reconfiguration has broader implications for democratic governance. Taxation is a core expression of state authority and collective obligation. When the capacity to shape tax outcomes is disproportionately concentrated in the hands of sophisticated private actors, the normative balance between public power and private economic influence is unsettled. Corporate tax avoidance thus becomes a site where broader questions of accountability, authority, and legitimacy are quietly contested. The next subsection examines how this shift in power manifests institutionally, contributing to defensive regulation, enforcement conservatism, and long-term degradation of administrative effectiveness within Nigeria's tax system.

### **4.3 Institutional Degradation and the Rise of Defensive Regulation**

The structural persistence of corporate tax avoidance under Nigeria's new tax regime has profound implications for the internal functioning of tax institutions, particularly the Federal Inland Revenue Service. Over time, the interaction of legislative ambiguity, doctrinal fragility, and power asymmetry produces not merely administrative strain, but a form of institutional degradation characterised by defensive regulation, selective enforcement, and declining regulatory ambition. As avoidance strategies become increasingly sophisticated and legally insulated, tax administration is forced into a reactive posture. Audits, assessments, and enforcement actions are undertaken in an environment of high uncertainty, where the probability of successful challenge is significant and the costs of litigation—financial, reputational, and

institutional—are substantial. In response, regulatory behaviour adapts.<sup>37</sup> Enforcement priorities shift away from structurally complex cases toward matters that are procedurally simpler and more likely to yield short-term results.

This adaptive behaviour gives rise to defensive regulation. Rather than serving as a proactive mechanism for shaping taxpayer conduct, regulation becomes a tool for risk management within the institution itself.<sup>38</sup> Decisions about audits, assessments, and disputes are increasingly influenced by litigation exposure, evidentiary burdens, and judicial tendencies, rather than by the systemic importance of the avoidance behaviour in question. The long-term effect is a narrowing of regulatory ambition. Defensive regulation also manifests in the over-reliance on administrative instruments as a means of compensating for weak statutory authority. Circulars, guidelines, and informal practices are used to stabilise compliance expectations and reduce interpretive uncertainty. While these tools may enhance short-term administrability, they further entrench institutional fragility. Their limited legal status exposes enforcement actions to challenge, reinforcing the very caution they were meant to overcome.

This institutional posture has cumulative effects. Expertise within tax administration becomes concentrated around procedural compliance and dispute management rather than substantive anti-avoidance strategy. Organisational learning is shaped by what is defensible rather than what is normatively desirable. Over time, the institution's capacity to engage in principled, system-shaping enforcement erodes, replaced by a culture of containment and incrementalism. The consequences extend beyond administrative efficiency. When enforcement is perceived as cautious, uneven, or selectively applied, the expressive function of tax law is weakened. Law ceases to signal clear behavioural expectations and instead communicates the limits of regulatory resolve. Sophisticated taxpayers internalise these signals, further calibrating their behaviour to exploit institutional caution. In this way, institutional degradation becomes both a consequence and a driver of continued avoidance. This analysis reveals that corporate tax avoidance does not merely exploit institutional weakness; it actively reshapes institutional behaviour. By forcing tax authorities into defensive modes of operation, avoidance contributes to a gradual hollowing out

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<sup>37</sup>FBIR v Halliburton (WA) Ltd (2016) 4 TLRN 1.

<sup>38</sup> FIRS Information Circulars issued pursuant to the FIRS Act.

of regulatory effectiveness. The tax system continues to function, but increasingly on terms dictated by risk avoidance rather than regulatory purpose.

The final subsection examines how these institutional dynamics culminate in a broader legitimacy crisis, fracturing the fiscal social contract and undermining long-term compliance across the tax system.

#### **4.4 Legitimacy Crisis and the Fracturing of the Fiscal Social Contract**

The cumulative effect of persistent corporate tax avoidance under Nigeria's new tax regime is a gradual but significant erosion of the normative legitimacy of the tax system. Legitimacy, in this context, does not depend solely on legal validity or enforcement capacity, but on the perception that tax rules are coherent, fairly applied, and capable of governing powerful economic actors.<sup>39</sup> Where avoidance remains lawful and structurally protected, this perception is progressively undermined.

Corporate tax avoidance contributes to the emergence of a dual tax order. On one level, the formal legal framework projects an image of comprehensive regulation, continuous reform, and anti-avoidance intent. On another, the operational reality reveals a system in which sophisticated corporate taxpayers can lawfully minimise obligations through strategic compliance. The coexistence of these realities fractures the credibility of tax law as a universal normative standard, transforming it into a differentiated regime experienced unevenly across taxpayer categories. This legitimacy deficit has implications beyond corporate taxation. Tax systems function as a central component of the fiscal social contract, mediating the relationship between citizens, businesses, and the state. When corporate actors are perceived to operate under a more permissive legal order, trust in the fairness of taxation declines. Compliance becomes framed less as a civic obligation and more as a strategic calculation, weakening the moral foundations upon which voluntary compliance depends.<sup>40</sup> The erosion of legitimacy also feeds back into institutional behaviour. Tax authorities operating in a legitimacy-deficient environment face increased resistance, heightened contestation, and reduced public support for enforcement initiatives. This further constrains regulatory ambition and reinforces the defensive postures

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<sup>39</sup>L Murphy and T Nagel, *The Myth of Ownership* (OUP 2002).

<sup>40</sup>OECD, *Tax Morale and Compliance* (2019)

identified earlier. Over time, legitimacy loss becomes self-reinforcing, entrenching a cycle in which weakened authority begets weakened compliance.

Importantly, this crisis does not arise from isolated enforcement failures or temporary revenue shortfalls. It is the outcome of systemic legal design choices that prioritise formal compliance, administrative flexibility, and incremental reform over coherence and normative clarity. Corporate tax avoidance thus becomes a structural challenge to the integrity of the fiscal order rather than a marginal technical problem. In this sense, the implications of corporate tax avoidance extend beyond fiscal outcomes to questions of governance and authority. A tax system that cannot convincingly bind its most powerful participants risks losing its capacity to command compliance more broadly. Addressing this legitimacy crisis therefore requires remedies that restore not only revenue and enforcement effectiveness, but the normative coherence of corporate tax law itself.

## **5.0 Legal and Institutional Remedies to Corporate Tax Avoidance under Nigeria's New Tax Regime**

The preceding analysis establishes that corporate tax avoidance in Nigeria is sustained not by isolated statutory defects, but by systemic weaknesses embedded within legislative design, regulatory architecture, and institutional practice. Effective remediation therefore requires more than intensified enforcement or administrative discretion. It demands a recalibration of the legal framework governing corporate taxation to restore coherence, constrain opportunistic compliance, and reassert the normative authority of tax law.<sup>41</sup> This section proposes a set of interrelated remedies aimed at addressing the structural conditions that enable corporate tax avoidance under Nigeria's new tax regime. These remedies are not conceived as exhaustive reforms, but as legally grounded interventions capable of strengthening the integrity, predictability, and legitimacy of corporate taxation. They focus on legislative precision, doctrinal consolidation, institutional alignment, and normative re-anchoring of the tax system.

### **5.1 Legislative Consolidation and Statutory Precision**

A primary remedy lies in reducing the interpretive flexibility that currently enables avoidance through formal compliance. The coexistence of multiple reform instruments, transitional

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<sup>41</sup>Avi-Yonah RS, *International Tax as International Law* (CUP 2007).

provisions, and cross-referenced statutes has produced a fragmented corporate tax framework marked by ambiguity and internal inconsistency.<sup>42</sup> Legislative consolidation—through harmonised drafting, elimination of duplicative provisions, and clearer definitional boundaries—would narrow the legal space within which avoidance strategies operate. In particular, core concepts such as taxable presence, related-party transactions, allowable deductions, and profit attribution require greater statutory specificity.<sup>43</sup> Precision in drafting does not eliminate all avoidance, but it shifts the balance from strategic interpretation to substantive compliance, thereby reasserting legislative intent over legal form.

## **5.2 Strengthening General and Specific Anti-Avoidance Rules**

While Nigeria recognises general anti-avoidance principles, their current formulation and application remain insufficiently robust to counter sophisticated avoidance structures.<sup>44</sup> Effective reform requires both doctrinal clarification and procedural reinforcement of general anti-avoidance rules (GAARs), including clearer thresholds for application, articulated standards of economic substance, and structured decision-making frameworks that limit arbitrary discretion. At the same time, sector-specific and transaction-specific anti-avoidance provisions should be expanded in areas demonstrably prone to exploitation, such as transfer pricing, digital services, thin capitalisation, and treaty-based planning.<sup>45</sup> The objective is not to over-legislate, but to strategically close recurrent pathways of avoidance that have become normalised within corporate tax planning.

## **5.3 Institutional Rebalancing and Capacity Alignment**

Legal reform alone is insufficient where institutional incentives and capacities remain misaligned. The increasing reliance on administrative guidelines and discretionary enforcement reflects underlying legislative weaknesses and places undue interpretive burdens on tax authorities.<sup>46</sup> Remedies must therefore include institutional rebalancing that aligns regulatory authority with legislative clarity. This entails enhanced technical capacity within tax authorities, clearer internal accountability structures, and improved coordination between tax agencies,

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<sup>42</sup>Finance Act 2019; Finance Act 2020; Finance Act 2021; Finance Act 2023.

<sup>43</sup>Companies Income Tax Act (CITA) Cap C21 LFN 2004 (as amended).

<sup>44</sup>Shell Petroleum Development Co Ltd v FBIR (1996) 8 NWLR (Pt 466) 256.

<sup>45</sup>Income Tax (Transfer Pricing) Regulations 2018; Income Tax (Significant Economic Presence) Order 2020.

<sup>46</sup>Federal Inland Revenue Service (Establishment) Act 2007.

corporate regulators, and policy-making bodies. Importantly, administrative instruments should function as implementation tools rather than substitutes for legislative precision, preserving the hierarchy and legitimacy of legal norms.<sup>47</sup>

#### **5.4 Normative Re-Anchoring of Corporate Tax Compliance**

Beyond technical reforms, sustainable remediation requires a recalibration of the normative foundations of corporate tax compliance. The persistence of lawful avoidance has reframed taxation as a negotiable obligation rather than a collective responsibility.<sup>48</sup> Reforms must therefore aim to re-embed corporate taxation within a broader conception of fiscal citizenship and public accountability. This does not imply moralising corporate behaviour, but restoring coherence between legal obligation, economic reality, and public expectation. Transparency measures, enhanced disclosure requirements, and clearer articulation of policy objectives can contribute to rebuilding trust in the fairness and integrity of the tax system.<sup>49</sup>

#### **5.5 Towards a Coherent and Legitimate Corporate Tax Order**

Taken together, these remedies seek to transform Nigeria's corporate tax regime from a system that tolerates strategic compliance into one that meaningfully constrains it. The goal is not the elimination of all tax planning, but the restoration of a legal order in which corporate taxation operates predictably, equitably, and credibly. By addressing legislative design, doctrinal weakness, institutional imbalance, and normative erosion in a coordinated manner, Nigeria can move towards a corporate tax framework capable of supporting sustainable revenue mobilisation and reinforcing the legitimacy of state authority in an increasingly complex economic environment.

### **Conclusion**

This article has examined corporate tax avoidance under Nigeria's new tax regime as a structural legal problem rather than a peripheral enforcement challenge. By interrogating the design and operation of contemporary corporate tax reforms, it has shown that avoidance persists not because of regulatory absence, but because of the ways in which law, administration, and

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<sup>47</sup> FBIRv Halliburton (WA) Ltd (2016) 4 TLRN 1.

<sup>48</sup> L Murphy and T Nagel. *The Myth of Ownership* (OUP 2002).

<sup>49</sup> OECD, *Tax Morale and Compliance* (2019).

corporate strategy interact within a fragmented and permissive legal framework. Corporate tax avoidance in Nigeria thus emerges as a legally enabled outcome of reform, rather than an aberration external to it. Through an analysis of statutory loopholes, drafting weaknesses, and doctrinal indeterminacy, the article demonstrates how formal compliance continues to shield economically substantive avoidance practices. The examination of systemic implications further reveals that the costs of this legal accommodation extend beyond revenue loss to include institutional strain, asymmetric power relations between the state and corporate actors, and a gradual erosion of the legitimacy of the tax system.<sup>50</sup> These effects underscore the limits of incremental reform strategies that prioritise administrative discretion and enforcement intensity without addressing underlying structural deficiencies.

The remedies proposed in this article emphasise the need for legislative precision, doctrinal consolidation, institutional alignment, and normative coherence in the governance of corporate taxation. Rather than advocating punitive or moralistic responses to corporate behaviour, the article argues for a recalibration of legal design that meaningfully constrains avoidance while preserving the legitimacy and predictability of the tax system. In this sense, effective reform lies not in eliminating tax planning, but in restoring the capacity of tax law to bind powerful economic actors in accordance with its stated objectives. Ultimately, the persistence of corporate tax avoidance under Nigeria's new tax regime raises broader questions about the role of tax law in contemporary governance. Where legal form repeatedly prevails over economic substance, and reform fails to translate into fiscal authority, the credibility of the tax system itself is placed at risk. Addressing corporate tax avoidance therefore requires more than technical adjustment; it demands a recommitment to coherence, authority, and legitimacy as foundational principles of corporate tax law in Nigeria.

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<sup>50</sup> Braithwaite J, *Markets in Vice, Markets in Virtue* (OUP 2005).