



Disclosure of Tax Planning Arrangements: What Lagos Taxpayers Need to Know

Introduction

The Lagos State Internal Revenue Service (LIRS) has reinforced its powers under Section 30 of the Nigerian Tax Administration Act (NTAA) 2025 through Circular Ref: LIRS: 004/01/2026, issued on 21 January 2026. The direction is clear: LIRS expects earlier transparency through structured disclosure, backed by stronger anti-avoidance oversight.

Key Highlights of the Disclosure Regime

The Circular introduces a mandatory disclosure obligation for certain tax planning arrangements. The requirement applies where a transaction, structure, or series of steps is designed or implemented to obtain a tax advantage under taxes administered in Lagos State.

Arrangements that may trigger disclosure include those that:

- exploit technical gaps in tax rules;

- lack economic substance or are primarily tax-driven;
- shift income, profits, or assets away from commercial reality;
- involve non-arm's-length related-party dealings;
- convert taxable income into non-taxable income; or
- artificially defer or accelerate income or gains.

Disclosures made under Anti-Money Laundering (AML) requirements, the Common Reporting Standard (CRS), or other regulatory frameworks do not replace the obligation under Section 30 of NTAA.

Who Must Disclose?

The disclosure duty applies broadly and independently to:

- individuals resident in Lagos State;
- employers, business owners, partnerships, and sole proprietors;

- tax agents and professionals (including lawyers, accountants, consultants), as well as promoters and intermediaries involved in designing or implementing arrangements; and
- any person earning income or gains taxable in Lagos State.

Where multiple parties are involved, each party bears a standalone duty to disclose unless there is evidence that another party has already disclosed the arrangement.

Timing and Scope of Disclosure

Disclosure must be made within 30 days of the earliest of:

- the date the arrangement is implemented;
- the date the taxpayer becomes aware of the arrangement; or
- the date the relevant transaction document is executed (particularly relevant for stamp duty matters).

The disclosure should set out sufficient detail to enable the LIRS understand the arrangement. This includes the identity of the taxpayer(s), the nature and purpose of the structure, the key transaction steps and timelines, the expected or actual tax benefit, the legislative provisions relied upon, details of advisers or intermediaries involved, and supporting documentation.

What Does Not Require Disclosure

The framework does not prohibit lawful tax planning. Legitimate commercial arrangements remain permissible and, in most cases, do not trigger disclosure. Generally non-reportable arrangements include:

- routine commercial transactions with genuine economic substance;
- tax reliefs or exemptions expressly permitted by law;
- arm’s-length transactions supported by proper documentation; and
- internal reorganizations implemented for commercial reasons, with no avoidance motive and no change in beneficial ownership.



Penalties for Non-Compliance

Failure to disclose a reportable arrangement is an offence under Section 127 of NTAA 2025. Exposure may include administrative penalties (up to ₦1,000,000), additional tax assessments, interest and surcharges, and on conviction, imprisonment (up to three years), fines, or both.

What This Means for Stakeholders

The disclosure regime sends a clear message: tax planning must reflect real commercial activity and stay within the intent of the law.

Taxpayers and advisers should expect:

- stronger documentation to support the business purpose of transactions;
- earlier internal review of complex or structured arrangements;
- direct accountability for promoters, intermediaries, and professional advisers; and
- significantly higher risk where planning strategies sit in grey areas.

For LIRS, the framework improves early visibility of aggressive tax planning and supports stronger oversight. However, the authority remains subject to confidentiality obligations, and any breach may expose it to claims by affected taxpayers.

Looking Ahead with SimmonsCooper Partners

Tax planning in Lagos now requires careful structuring, internal review, and proactive disclosure assessment. For support with tax planning reviews, disclosure strategy, promoter exposure management, and regulatory risk mitigation, contact info@scp-law.com or visit www.scp-law.com.