

PROFESSIONALISM IN TAX PRACTICE: TAX INTERMEDIARIES, MARINE TAXATION, AVIATION TAXATION, BANKING TAXATION, INSURANCE TAXATION AND BANKRUPTCY TAXATION*

Abstract

Professionalism in tax practice is central to the integrity, efficiency, and legitimacy of any modern tax system. Nigeria being an economy increasingly reliant on internally generated revenue and confronting persistent fiscal constraints, the professional conduct of tax practitioners assumes heightened significance. Lawyers, accountants, tax consultants, and other intermediaries serve as the operational bridge between taxpayers and the tax authorities; their expertise, ethical judgement, and compliance with statutory mandates fundamentally shape the quality of tax administration and the outcomes of tax governance. The research highlights emerging issues particularly the expanding role of tax intermediaries, the influence of digital technology and electronic filing systems, and the challenges posed by aggressive tax planning and cross-border transactions. A comparative reference to selected jurisdictions underscores the widening gap between Nigerian practice and international best standards in tax professionalism, compliance culture, and regulatory oversight. This paper undertakes a doctrinal, analytical, and comparative examination of professionalism within Nigerian tax practice, interrogating both the legal frameworks and the ethical parameters that define the responsibilities of tax professionals. Anchored on key legal instruments such as the Federal Inland Revenue Service (Establishment) Act 2007, the Companies Income Tax Act, the Personal Income Tax Act, and the Chartered Institute of Taxation of Nigeria (CITN) Act 2004, the study explores the statutory obligations, regulatory expectations, and disciplinary mechanisms designed to guide tax practitioners. It further employs a sectoral analysis to illuminate the complexities and specialised professional demands inherent in marine taxation, aviation taxation, banking and financial services taxation, insurance taxation, and bankruptcy/insolvency taxation, each of which possesses unique regulatory nuances that test the limits of professional competence and ethical compliance. Findings indicate that although Nigeria possesses a fairly comprehensive regulatory architecture, significant challenges persist. These include inadequate enforcement of professional discipline, regulatory overlaps between the FIRS, Joint Tax Board, and professional bodies, poor taxpayer education, low digital literacy among practitioners, and incidences of unethical practices such as tax evasion facilitation, abusive tax planning, and misrepresentation of taxpayer information. The paper concludes that fostering professionalism in Nigerian tax practice requires a multi-layered approach centred on enhanced regulatory synergy, robust capacity building, digitisation of tax processes, clear ethical guidelines, and periodic professional reorientation. Strengthening these areas is essential for building a resilient tax administration system capable of supporting sustainable national development.

Keywords: Aviation taxation, Banking taxation, Insurance taxation, Marine taxation, Professionalism in tax practice, Tax intermediaries.

1. Introduction

Taxation remains a cornerstone of economic development and state-building, providing the fiscal foundation upon which governments implement social, infrastructural, and developmental programmes. In Nigeria, taxation has evolved from the colonial system of levies and duties to a complex web of statutory regimes regulating individuals, corporations, and specific industries. Professionalism in tax practice therefore emerges as a necessary safeguard to ensure that the collection, assessment, and management of taxes are conducted in accordance with law, ethics, and best international practices. A professional tax system requires practitioners who not only understand tax legislation but also adhere to the highest ethical standards of conduct. The Federal Inland Revenue Service (Establishment) Act 2007 establishes the service as the apex body responsible for the assessment, collection, and accounting of federal taxes in Nigeria, while state and local governments manage other categories of taxes under the Taxes and Levies (Approved List for Collection) Act.¹ The efficiency of these frameworks is, however, dependent on the professionalism of those who interpret and apply them. Professionalism in tax practice extends beyond compliance; it involves a sense of responsibility, honesty, and commitment to the public interest. The Chartered Institute of Taxation of Nigeria (CITN), established by the Chartered Institute of Taxation of Nigeria Act 2004, regulates the practice and ethics of taxation in Nigeria, setting standards for professional conduct and

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¹ Federal Inland Revenue Service (Establishment) Act 2007, ss 2-8.

discipline.² Despite these efforts, incidences of tax avoidance schemes, unethical advisory practices, and abuse of discretion continue to undermine public confidence in the Nigerian tax system. The scope covers professional tax practice across both federal and sectoral tax regimes, including marine, aviation, banking, insurance, and bankruptcy taxation. The analysis also incorporates the role of emerging technologies and regulatory institutions in improving compliance and ethical standards. This research is significant for multiple reasons. Academically, it contributes to the growing body of literature on tax professionalism and ethics, offering a Nigerian-focused analysis of an area often dominated by foreign scholarship. Practically, it highlights the need for stronger enforcement and institutional collaboration among regulators. For policymakers and practitioners, it provides actionable recommendations to strengthen compliance, improve taxpayer trust, and align Nigeria's tax administration with global standards.

2. Statement of the Problem

The central problem this paper seeks to address is the apparent disconnect between the legal and ethical expectations of tax practitioners and the realities of tax practice in Nigeria. While statutory and professional frameworks exist, cases of under-assessment, illicit tax planning, and compromised audits persist.³ Furthermore, the complexity of Nigeria's multi-tiered tax system creates overlaps between federal and state authorities, thereby increasing opportunities for administrative inefficiencies and corruption. The challenge is not merely technical but ethical how to ensure that tax practitioners operate within legal boundaries while maintaining a commitment to professional integrity. This concern becomes more pronounced in sector-specific contexts such as marine, aviation, banking, and insurance, where complex cross-border transactions and industry-specific exemptions test the limits of ethical practice.

3. Conceptual and Theoretical Frameworks

Every legal inquiry must rest upon a theoretical foundation that defines its analytical boundaries and explains the relationships among its core concepts. Professionalism in tax practice is not merely a behavioural expectation but a reflection of broader theories of law, economics, and ethics that inform tax administration and compliance. In the Nigerian context, understanding these theories is essential to appreciating why professionalism and its absence directly influences the effectiveness of the tax system.⁴

Professionalism, Ethics, and Compliance

Professionalism is the consistent application of knowledge, skill, and ethical behaviour in the performance of duties within the tax profession. Tax Practice is the act of advising, preparing, or representing taxpayers in compliance with taxation laws and regulations. Tax Intermediary means any professional or entity that facilitates tax planning, reporting, or payment on behalf of a taxpayer. Tax Ethics are sets of moral principles guiding the behaviour of tax practitioners, emphasising integrity, confidentiality, and fairness. Compliance is described as the degree to which taxpayers and practitioners adhere to tax laws, whether voluntarily or through enforcement. The relationship between professionalism, ethics, and compliance can be conceptualised as a tripartite model: Professionalism is described as technical competence and adherence to regulatory standards. The impact on tax practice is to ensure accuracy and legal compliance. Ethics means integrity, honesty, and responsibility to the public interest and the impact is to build trust and legitimacy. Compliance means the voluntary or enforced adherence to tax obligations. The impact in tax practice is to improve tax collection and reduce evasion. In the Nigerian context, this model underscores the interdependence between law, ethics, and effective administration. Without professional competence and ethical discipline, even well-drafted tax laws risk being undermined by malpractice or manipulation.

Professionalism in Tax Practice

The term professionalism denotes a body of specialised knowledge governed by ethical codes and maintained by continuous education and accountability. Within the field of taxation, professionalism represents the commitment of practitioners like lawyers, accountants, and tax consultants to uphold the law and public interest in their interpretation and application of tax rules.⁵ According to the Chartered Institute of Taxation of Nigeria (CITN) Code of Professional Conduct, professionalism in taxation requires competence, integrity, objectivity, and confidentiality.⁶ These ethical pillars align with international standards such as the International Ethics Standards

² Chartered Institute of Taxation of Nigeria Act 2004, ss 1-4.

³ OECD, *Tax Morale II: Building Trust Between Tax Administrations and Large Businesses* (OECD Publishing 2022).

⁴ Ifueko Omoigui Okauru, *Federal Inland Revenue Service and Taxation Reforms in Democratic Nigeria* (Safari Books 2012).

⁵ CITN, *Code of Professional Conduct and Ethics* (2020).

⁶ *ibid* ss 2-5.

Board for Accountants (IESBA) Code, which emphasises integrity, professional behaviour, and due care.⁷ Professionalism thus extends beyond technical compliance with statutes; it implies an ethical responsibility to interpret the law faithfully and avoid conduct that undermines the tax system's credibility. This dual legal-ethical dimension is central to ensuring taxpayer confidence and voluntary compliance.

Professionalism in tax practice represents the cornerstone of Nigeria's tax administration system. It defines the ethical, legal, and institutional expectations placed upon those entrusted with interpreting, applying, and advising on the tax laws of the country. As taxation has become increasingly complex in Nigeria, particularly with the introduction of digital systems and evolving fiscal policies, the conduct of professionals in the sector such as tax lawyers, accountants, auditors, and consultants have come under greater scrutiny.⁸ The Federal Inland Revenue Service (FIRS), the State Boards of Internal Revenue (SBIRs), and professional bodies such as the Chartered Institute of Taxation of Nigeria (CITN) have all sought to entrench professionalism through regulation, training, and disciplinary oversight. Yet, persistent challenges remain, including unethical tax practices, corruption, and weak enforcement mechanisms. This chapter examines these dynamics by assessing the legal framework, professional expectations, and practical realities of tax practice in Nigeria.

Ethical Foundations of Tax Practice

The ethical foundation of tax practice lies in the broader philosophical question of duty to the state versus duty to the client. Practitioners often face dilemmas where aggressive tax planning for clients may conflict with their professional obligations to uphold tax integrity. From a deontological (Kantian) perspective, professional ethics is duty-based: a tax practitioner must do what is right regardless of the outcome, focusing on moral obligations such as honesty and transparency.⁹ In contrast, consequentialist or utilitarian theories assess professional decisions by their outcomes in favouring the greater good, such as the equitable collection of taxes that support public welfare.¹⁰ In Nigeria, this ethical balance is articulated through multiple legal and institutional frameworks, including the CITN Act, the Rules of Professional Conduct for Legal Practitioners 2023, and FIRS guidelines, all of which impose duties of honesty, due diligence, and confidentiality.¹¹ Ethics in tax practice thus embodies a relationship of trust: between taxpayer and practitioner, between practitioner and the tax authority, and between the tax authority and society. The erosion of any link in this chain can destabilise the entire tax ecosystem.

Theories of Tax Compliance

Tax compliance theories provide explanatory models for taxpayer behaviour and, by extension, the role of professionalism in influencing that behaviour. The most relevant theories include:

Deterrence Theory: This traditional economic model suggests that taxpayers comply with tax laws primarily out of fear of detection and punishment.¹² Under this theory, professionalism enhances deterrence by ensuring that practitioners guide clients to lawful compliance and avoid facilitating evasion. However, excessive reliance on deterrence may lead to adversarial relationships between tax authorities and professionals, reducing trust and cooperation.

Economic Deterrence Model: Building on the deterrence theory, this model incorporates cost-benefit analyses, suggesting that taxpayers and their advisers act rationally to minimise costs, including tax liabilities, within the bounds of the law.¹³ Here, professionalism plays a moderating role, ensuring that legitimate tax planning does not devolve into unethical or illegal avoidance schemes.

Behavioural and Social Norms Theory: Behavioural models emphasise the role of social norms, moral values, and perceptions of fairness in determining compliance.¹⁴ A professional tax community that models integrity can shape broader taxpayer attitudes, increasing voluntary compliance. Conversely, visible unethical practices among practitioners erode trust and encourage evasion.

⁷ International Ethics Standards Board for Accountants (IESBA), *International Code of Ethics for Professional Accountants (Including International Independence Standards)* (2021).

⁸ Federal Inland Revenue Service (FIRS), *Annual Report 2022 (FIRS 2023)* 15s

⁹ Immanuel Kant, *Groundwork for the Metaphysics of Morals* (Cambridge University Press 2011).

¹⁰ John Stuart Mill, *Utilitarianism* (Parker, Son and Bourn 1863).

¹¹ Rules of Professional Conduct for Legal Practitioners 2023, rr 14-17

¹² Gary Becker, 'Crime and Punishment: An Economic Approach' (1968) 76 *Journal of Political Economy* 169.

¹³ Michael Allingham and Agnar Sandmo, 'Income Tax Evasion: A Theoretical Analysis' (1972) 1 *Journal of Public Economics* 323.

¹⁴ James Alm and Benno Torgler, 'Culture Differences and Tax Morale in the United States and Europe' (2006) 27 *Journal of Economic Psychology* 224

Fiscal Exchange Theory: This theory posits that taxpayers are more likely to comply when they perceive that government effectively uses tax revenues to provide public goods and services.¹⁵ Professionalism indirectly supports this model by fostering transparent and credible tax administration, which in turn reinforces public confidence in the fiscal system.

Theoretical Nexus between Professionalism and Tax Governance

Professionalism contributes directly to tax governance, which encompasses the principles of transparency, accountability, and rule of law in taxation.¹⁶ Effective tax governance requires that practitioners act as both advisers to taxpayers and as agents supporting the state's fiscal objectives. In Nigeria, the Federal Inland Revenue Service (FIRS) collaborates with professional bodies such as the CITN and the Institute of Chartered Accountants of Nigeria (ICAN) to enforce compliance and sanction misconduct. Yet, weaknesses in enforcement mechanisms and overlapping jurisdictions often create gaps in accountability.¹⁷ Internationally, bodies like the OECD¹⁸ Forum on Tax Administration have promoted the Enhanced Relationship Model, a framework that fosters cooperation, transparency and mutual trust between tax authorities and intermediaries.¹⁹ Adapting similar models could help Nigeria bridge the gap between professional ethics and practical compliance.

4. Legal and Institutional Frameworks for Tax Practice in Nigeria

The framework for tax practice in Nigeria is grounded in a combination of statutory and institutional mechanisms designed to ensure accountability and professionalism. The principal legislative instruments include: i) *Federal Inland Revenue Service (Establishment) Act*, which mandates the FIRS to collect and account for taxes, as well as to collaborate with professional bodies to develop capacity and ensure compliance;²⁰ ii) *Chartered Institute of Taxation of Nigeria Act*, which confers regulatory authority upon the CITN to determine qualifications, standards of practice, and disciplinary control over members engaged in tax practice²¹; *Companies Income Tax Act (CITA)*, *Personal Income Tax Act (PITA)*, and *Value Added Tax Act (VATA)*, which govern the substantive rules of taxation and impose compliance duties on practitioners acting as tax agents or advisors;²² iv) *Rules of Professional Conduct for Legal Practitioners*, which establish ethical duties for lawyers involved in tax advisory and litigation services.²³ Together, these laws and institutions form the foundation upon which professionalism in tax practice rests. The CITN, in particular, plays a central role in maintaining ethical and professional standards by enforcing its Code of Professional Conduct and Ethics, which prescribes sanctions for misconduct and ensures continuing professional development (CPD).²⁴

Regulatory Bodies and Oversight Mechanisms include: i) *Chartered Institute of Taxation of Nigeria (CITN)* serves as the principal professional body responsible for regulating tax practitioners in Nigeria. It determines eligibility for membership, organises examinations, and enforces discipline through its Investigation and Disciplinary Panels. Members are required to comply with ethical obligations concerning confidentiality, competence, and objectivity;²⁵ ii) *Federal Inland Revenue Service (FIRS)* complements the role of CITN by issuing operational guidelines and ensuring compliance with statutory obligations. Through the TaxPro Max system and its Self-Assessment Regulations, the FIRS promotes transparency and uniformity in tax administration.²⁶ The Service also collaborates with professional associations to address unethical practices, including under-declaration, falsification of returns, and aggressive tax avoidance schemes.²⁷ Other Relevant Institutions are; the Institute of Chartered Accountants of Nigeria (ICAN), Nigerian Bar Association (NBA), and Joint Tax Board (JTB) also play supporting roles. ICAN regulates accountants involved in tax computation and audit, the NBA supervises lawyers providing legal tax advice, and the JTB harmonises tax administration between the federal and state authorities.²⁸

¹⁵ Benno Torgler, *Tax Compliance and Tax Morale: A Theoretical and Empirical Analysis* (Edward Elgar 2007).

¹⁶ OECD, *Tax Governance: A Whole-of-Government Perspective* (OECD Publishing 2017).

¹⁷ FIRS, *Tax Administration (Self-Assessment) Regulations* (2011).

¹⁸ Organisation for Economic Co-operation and Development

¹⁹ OECD Forum on Tax Administration, *The Enhanced Relationship: OECD Study into the Role of Tax Intermediaries* (2008).

²⁰ Federal Inland Revenue Service (Establishment) Act 2007, ss 2-8.

²¹ Chartered Institute of Taxation of Nigeria Act 2004, ss 1-4

²² Companies Income Tax Act (C21 LFN 2004); Personal Income Tax Act (P8 LFN 2004); Value Added Tax Act (V1 LFN 2004).

²³ Rules of Professional Conduct for Legal Practitioners 2023, rr 14-20.

²⁴ CITN, *Code of Professional Conduct and Ethics* (2020) s 5

²⁵ *ibid* s 6.

²⁶ FIRS, *TaxPro Max User Guide* (2021) 7-8

²⁷ FIRS, *Operational Guidelines on Self-Assessment and Returns* (2019).

²⁸ Joint Tax Board (JTB), *Annual Bulletin* (2020) 23.

5. Ethical Obligations of Tax Practitioners in Nigeria

Professional ethics in Nigerian tax practice are guided by the principles of competence, integrity, objectivity, confidentiality, and professional behaviour.²⁹

Competence and Due Care: Tax practitioners must maintain professional competence by keeping up to date with changes in legislation, case law, and international developments. The CITN mandates continuing professional development (CPD) for all members to ensure adherence to global standards.³⁰

Integrity and Objectivity: Practitioners are required to act honestly and objectively, avoiding conflicts of interest that could compromise their professional judgement. The CITN Code prohibits members from engaging in practices that mislead clients or the tax authorities.³¹

Confidentiality: Confidentiality is an ethical and legal duty. Tax practitioners are prohibited from disclosing client information unless required by law or with client consent.³² However, the rise of data-driven tax systems, such as TaxPro Max, has introduced new concerns regarding data protection and privacy, particularly under the Nigeria Data Protection Regulation (NDPR) 2019.³³

Professional Behaviour: Practitioners are expected to uphold the dignity and reputation of the tax profession. The Disciplinary Tribunal of CITN has jurisdiction to investigate and sanction members whose conduct brings the profession into disrepute.³⁴

6. Professional Challenges in Nigerian Tax Practice

Despite the existence of an elaborate regulatory framework, several challenges undermine professionalism in Nigerian tax practice:

Multiplicity of regulatory authorities: Overlapping jurisdictions between CITN, ICAN, and the NBA often result in confusion regarding authority over practitioners.³⁵

Weak enforcement of ethical standards: Disciplinary procedures are often slow, and sanctions may not deter misconduct.³⁶

Low professional capacity: There remains a shortage of trained and competent tax practitioners, particularly at subnational levels.³⁷

Corruption and unethical practices: Cases of collusion between tax officers and practitioners persist, leading to tax leakages and loss of public confidence.³⁸

Technological lag: While the FIRS has introduced digital tools, many practitioners lack sufficient training in electronic filing and tax analytics.³⁹

7. The Role of Case Law in Shaping Professional Conduct

Judicial decisions have also contributed to defining the boundaries of professionalism in tax practice. For instance, in *Oando Plc v Federal Inland Revenue Service*, the court reaffirmed that tax practitioners must adhere to lawful reporting standards and that errors in self-assessment returns could attract penalties irrespective of intent.⁴⁰ Similarly, in *Access Bank Plc v Federal Inland Revenue Service*⁴¹, the Tribunal emphasised the duty of accuracy and transparency in documentation prepared by tax intermediaries, holding that professionals cannot escape liability for negligent misstatements in client filings. These cases underscore the judiciary's recognition that professionalism and ethics are integral to effective tax administration and not merely matters of personal conscience.

8. Comparative Insights and International Best Practices

In jurisdictions such as the United Kingdom and Australia, tax professionalism is anchored in collaborative relationships between tax authorities and professional associations. The Organisation for Economic Co-operation and Development's Enhanced Relationship Model encourages trust, voluntary disclosure, and cooperative

²⁹ CITN, *Code of Professional Conduct and Ethics* (2020) ss 2-3.

³⁰ *ibid* s 4.

³¹ *ibid* s 5.

³² *ibid* s 6.

³³ Nigeria Data Protection Regulation 2019 (NDPR), reg 2.

³⁴ CITN Act 2004, s 13.

³⁵ Sunday O. Ogungbesan, 'Overlapping Professional Jurisdictions in Nigeria's Tax Practice' (2020) 5 *Nigerian Journal of Taxation and Policy* 88.

³⁶ *ibid* 90.

³⁷ OECD, *Tax Administration 2023: Comparative Information on OECD and Other Economies* (OECD Publishing 2023) 67.

³⁸ Transparency International, *Corruption in Tax Administration: Global Report* (2021).

³⁹ FIRS, *Tax Automation Review Report* (2022).

⁴⁰ *Oando Plc v Federal Inland Revenue Service* [2015] 6 TLRN 1.

⁴¹ *Access Bank Plc v Federal Inland Revenue Service* (2018) 10 TLRN 45.

compliance.⁴² Adapting similar frameworks in Nigeria could strengthen accountability and foster a culture of professionalism anchored in transparency and mutual respect. Furthermore, international instruments such as the Organisation for Economic Co-operation and Development Model Tax Convention and BEPS Action Plans reinforce the need for tax intermediaries to act ethically in cross-border transactions.⁴³ Nigerian practitioners, operating increasingly in global markets, must align their conduct with these evolving international expectations.

9. The Role of Tax Intermediaries

The modern tax system increasingly depends on intermediaries, that is, professionals who act as a bridge between taxpayers and tax authorities. These intermediaries play a crucial role in interpreting complex laws, ensuring compliance, and facilitating revenue mobilisation. However, they also occupy a position of potential risk, as their advice and conduct can either enhance or undermine the integrity of the tax system.⁴⁴ In Nigeria, tax intermediaries include tax practitioners, accountants, lawyers, auditors, and increasingly, digital tax service providers. Their legal responsibilities are defined by a combination of statutory provisions, professional codes, and ethical standards. This chapter explores these dimensions, highlighting both their contribution to fiscal governance and the challenges they pose in ensuring ethical compliance.

10. Categories of Tax Intermediaries in Nigeria

Tax Practitioners and Consultants: Registered tax practitioners like members of the CITN advise clients on lawful tax obligations, assist in preparing returns, and represent them during audits or disputes. They are expected to demonstrate competence, objectivity, and confidentiality at all times.⁴⁵

Legal Practitioners: Tax lawyers are recognised intermediaries under the Legal Practitioners Act and play a critical role in litigation, policy drafting, and legal interpretation of fiscal laws.⁴⁶ Their duties also extend to ensuring that clients do not engage in tax evasion, consistent with their ethical duty to uphold the law.⁴⁷

Accountants and Auditors: The Institute of Chartered Accountants of Nigeria (ICAN) regulates accountants who often act as intermediaries in financial reporting and auditing. They help verify compliance and provide assurance that tax filings accurately reflect an entity's financial position.⁴⁸

Digital Tax Platforms: With the rise of technology, digital tax intermediaries such as online filing systems, fintech solutions, and tax automation software have become central to Nigeria's tax ecosystem. The FIRS's TaxPro Max is a leading example, enabling electronic submission and validation of tax returns.⁴⁹ While these tools enhance efficiency, they also raise concerns about data security and professional oversight.

11. Tax Intermediaries

Legal Framework Regulating Tax Intermediaries

Tax intermediaries in Nigeria operate under a hybrid regulatory system combining statutory, professional, and ethical controls.

Statutory Provisions: i) *Federal Inland Revenue Service (Establishment) Act:* Empowers FIRS to regulate and collaborate with tax consultants to ensure compliance;⁵⁰ ii) *CITN Act:* Restricts tax practice to qualified persons and provides sanctions for unlicensed practitioners;⁵¹ iii) *Companies Income Tax Act (CITA):* Defines tax agents and imposes responsibilities for accurate returns and record-keeping;⁵² iv) *Finance Act:* Introduced provisions on digital tax administration, expanding the scope of intermediary liability in electronic transactions.⁵³

Professional and Ethical Regulations: Professional conduct is also governed by codes such as the CITN Code of Conduct, the ICAN Professional Ethics Guide, and the Rules of Professional Conduct for Legal Practitioners.⁵⁴ These codes prohibit conflicts of interest, mandate integrity, and provide mechanisms for sanctions in cases of professional misconduct.

⁴² OECD Forum on Tax Administration, *The Enhanced Relationship: OECD Study into the Role of Tax Intermediaries* (2008).

⁴³ OECD/G20, *Base Erosion and Profit Shifting (BEPS) Inclusive Framework Action Plan Reports* (2015).

⁴⁴ OECD Forum on Tax Administration, *Tax Intermediaries Study: The Role of Tax Intermediaries* (OECD Publishing 2008).

⁴⁵ *ibid* s 3.

⁴⁶ Legal Practitioners Act (L11 LFN 2004) s 2.

⁴⁷ Rules of Professional Conduct for Legal Practitioners 2023, rr 14-16.

⁴⁸ Institute of Chartered Accountants of Nigeria, *Members' Handbook* (2020) pt IV.

⁴⁹ FIRS, *TaxPro Max Implementation Report* (2022).

⁵⁰ Federal Inland Revenue Service (Establishment) Act 2007, s 8(1)(g).

⁵¹ CITN Act 2004, s 14.

⁵² Companies Income Tax Act (C21 LFN 2004), s 65.

⁵³ Finance Act 2023, ss 8-12.

⁵⁴ ICAN, *Code of Ethics for Professional Accountants* (2020); CITN, *Code of Professional Conduct and Ethics* (2020).

Economic and Administrative Role of Tax Intermediaries

Facilitating Compliance: Tax intermediaries simplify the complex tax environment for individuals and businesses. They interpret statutes, advise on compliance strategies, and ensure timely filing of returns. Studies have shown that taxpayers assisted by professionals exhibit higher levels of compliance compared to those acting independently.⁵⁵

Enhancing Revenue Mobilisation: By improving the accuracy of filings and reducing administrative costs for tax authorities, intermediaries contribute to greater revenue collection efficiency.⁵⁶ Their expertise also aids in broadening the tax base, particularly within the informal sector, where direct government outreach is limited.

Promoting Transparency and Accountability: Through auditing, advisory, and disclosure practices, intermediaries foster corporate transparency, thus supporting anti-corruption and fiscal accountability objectives.⁵⁷

Ethical Risks and Misconduct Among Intermediaries

While tax intermediaries serve as facilitators of compliance, they also pose significant ethical risks. Common forms of misconduct include: *Aggressive tax avoidance schemes*, involving artificial transactions designed to reduce taxable income;⁵⁸ *Collusion with taxpayers* to under-declare income or falsify records;⁵⁹ *Conflict of interest* where intermediaries act for both taxpayers and tax authorities in related matters;⁶⁰ *Breach of confidentiality* by disclosing sensitive taxpayer information for personal gain.⁶¹ The CITN Disciplinary Tribunal and FIRS have both recorded cases of such misconduct, often resulting in revocation of practising licences or criminal prosecution.⁶²

Liability of Tax Intermediaries

Tax intermediaries may incur civil, criminal, or professional liability for negligence, fraud, or unethical conduct.

i) *Civil Liability:* Under general principles of negligence and contract, intermediaries owe a duty of care to clients. Breach of that duty leading to financial loss can give rise to liability for damages,⁶³ ii) *Criminal Liability:* Where misconduct amounts to aiding and abetting tax evasion, intermediaries may be prosecuted under the Criminal Code Act or relevant tax statutes, iii) ⁶⁴*Professional Sanctions:* Professional bodies like CITN and ICAN have disciplinary tribunals empowered to suspend or expel members found guilty of unethical behaviour.⁶⁵

12. International Perspective: The Organisation for Economic Co-operation and Development Model on Intermediaries

Globally, tax intermediaries are viewed as pivotal actors in ensuring cooperative compliance. The Organisation for Economic Co-operation and Development's Enhanced Relationship Model (ERM) promotes a framework where tax administrations and intermediaries engage in transparent, trust-based relationships.⁶⁶ Under this model, intermediaries are expected to disclose tax positions that pose material risks and work collaboratively with tax authorities to resolve disputes. The ERM has been successfully implemented in countries such as the United Kingdom and the Netherlands, yielding increased trust and compliance levels.⁶⁷ Nigeria could adopt similar measures by integrating voluntary disclosure programmes (VDPs) and risk-based audits to reward compliant practitioners while sanctioning unethical conduct.

13. The Nigerian Experience: Successes and Limitations

Nigeria's regulatory framework has achieved modest success in formalising the intermediary profession, especially through the CITN's licensing and certification system. However, challenges persist: Limited enforcement capacity within regulatory bodies.⁶⁸ Fragmentation of professional jurisdictions, creating uncertainty about authority.⁶⁹ Technological adaptation gaps, as many intermediaries lack training in digital compliance

⁵⁵ OECD, *Improving Tax Compliance through Intermediaries* (2016) 8.

⁵⁶ FIRS, *Tax Compliance and Revenue Report* (2021).

⁵⁷ Transparency International, *Fiscal Accountability and Intermediaries Report* (2020) 14.

⁵⁸ HMRC, *Aggressive Tax Avoidance: Understanding the Role of Intermediaries* (2019).

⁵⁹ FIRS, *Compliance Breach Records* (2020) 3-5.

⁶⁰ CITN, *Disciplinary Tribunal Annual Report* (2022) 11.

⁶¹ *ibid* 15.

⁶² FIRS, *Enforcement and Sanctions Report* (2022).

⁶³ *Access Bank Plc v FIRS* (2018) 10 TLRN 45.

⁶⁴ Criminal Code Act (C38 LFN 2004) s 516.

⁶⁵ CITN Act 2004, s 15.

⁶⁶ OECD Forum on Tax Administration, *Enhanced Relationship Model Guidelines* (2012) 4.

⁶⁷ *ibid* 6-8.

⁶⁸ Sunday O. Ogungbesan, 'Professional Oversight and Compliance Challenges in Nigeria's Tax Practice' (2021) 6 *Nigerian Journal of Taxation and Policy* 112.

⁶⁹ *ibid* 118.

tools.⁷⁰ Public mistrust, stemming from historical cases of collusion and tax manipulation.⁷¹ Addressing these limitations requires a coordinated approach integrating legal reform, digital innovation, and ethical education.

13.1. Marine Taxation in Nigeria

Marine taxation concerns the assessment and collection of taxes derived from maritime commerce, shipping operations, port services, and related offshore activities. It forms an essential component of Nigeria's fiscal structure given the strategic significance of the maritime industry to national revenue and foreign exchange earnings.⁷² With the expansion of Nigeria's Blue Economy and increasing offshore investments, the tax regime governing marine activities has become increasingly complex. Professionals engaged in marine taxation must therefore demonstrate a high level of technical competence and ethical responsibility to ensure compliance and prevent revenue leakages.

Legal Framework Governing Marine Taxation in Nigeria

The legal framework regulating marine taxation in Nigeria derives from both domestic legislation and international maritime conventions ratified by the state. These international frameworks reinforce Nigeria's right to tax marine operations conducted within its maritime zones, subject to principles of international law and double taxation treaties.

Domestic Legislation

Key statutes governing marine taxation include:

Nigerian Maritime Administration and Safety Agency (NIMASA) Act,⁷³ which imposes a 3% levy on gross freight earnings from all international shipping operations to fund maritime safety and administration.⁷⁴

Cabotage Act, mandating taxes and levies on foreign-owned vessels engaged in coastal trade within Nigerian territorial waters.⁷⁵

Companies Income Tax Act (CITA), which applies to resident and non-resident shipping companies operating in Nigeria.⁷⁶

Petroleum Profits Tax Act (PPTA) and Deep Offshore and Inland Basin Production Sharing Contracts Act, which govern taxation of offshore oil-related marine operations.⁷⁷

Customs and Excise Management Act (CEMA), providing for customs duties, tariffs, and levies on imported marine goods and vessels.⁷⁸

International Instruments

Nigeria is a signatory to several international maritime conventions influencing marine taxation, including:

United Nations Convention on the Law of the Sea (UNCLOS), which establishes jurisdictional rights over territorial waters and exclusive economic zones.⁷⁹

International Maritime Organization (IMO) conventions, regulating port dues, marine safety charges, and environmental levies.⁸⁰

Taxation of Shipping and Offshore Operations

Taxation of Shipping Companies: Under section 14 of CITA, shipping companies are assessed to tax based on the proportion of their total income derived from Nigerian waters. The FIRS applies a deemed profit basis that is, 2% of the full income from freight earnings especially for non-resident companies without fixed bases in Nigeria.⁸¹ In *Shell Tankers (UK) Ltd v FIRS*⁸², the Tax Appeal Tribunal reaffirmed the application of the deemed profit rule for foreign shipping entities, noting that failure to maintain records in Nigeria does not exempt a company from tax liability on income sourced within Nigerian territory.⁸³

⁷⁰ FIRS, *Digital Readiness Assessment of Tax Professionals* (2023).

⁷¹ Transparency International, *Corruption in Tax Practice in West Africa* (2022) 29.

⁷² Nigerian Maritime Administration and Safety Agency (NIMASA), *Annual Report 2022* (NIMASA 2023) 17.

⁷³ Nigerian Maritime Administration and Safety Agency (NIMASA) Act 2007.

⁷⁴ NIMASA Act 2007, s 15(1).

⁷⁵ Coastal and Inland Shipping (Cabotage) Act 2003, s 22.

⁷⁶ Companies Income Tax Act (C21 LFN 2004), s 14.

⁷⁷ Petroleum Profits Tax Act (P13 LFN 2004); Deep Offshore and Inland Basin Production Sharing Contracts Act 1999, s 2.

⁷⁸ Customs and Excise Management Act (C45 LFN 2004), ss 27-32.

⁷⁹ United Nations Convention on the Law of the Sea (UNCLOS) 1982, arts 56-77.

⁸⁰ International Maritime Organization (IMO), *Convention on the Facilitation of International Maritime Traffic* (1965).

⁸¹ Companies Income Tax Act (C21 LFN 2004), s 14(2).

⁸² (2014) 9 TLRN 78

⁸³ *ibid.*

Offshore Support Services: Marine support services, including vessel leasing, dredging, and subsea operations, are subject to tax under both the Companies Income Tax Act and the Value Added Tax Act (VATA).⁸⁴ The Finance Act further clarifies that such services provided to oil and gas companies are taxable supplies unless specifically exempted.⁸⁵

Port-Related Taxes and Levies

Port operators and terminal handlers are liable for various charges, including harbour dues, pilotage fees, and stevedoring levies, which constitute revenue streams for NIMASA and the Nigerian Ports Authority (NPA).⁸⁶ However, overlapping levies and poor coordination between NPA and NIMASA have led to disputes regarding double taxation and regulatory overlap.⁸⁷

The Role of Tax Practitioners in Marine Taxation

Professionals involved in marine taxation require an understanding of admiralty law, customs procedures, and international tax principles. Their responsibilities include: Advising shipping companies on compliance with CITA and NIMASA levies; Assisting with documentation and reporting for customs and port operations; Ensuring the correct application of double taxation treaties for foreign operators;⁸⁸ Representing clients in tax disputes before the Tax Appeal Tribunal (TAT) and other judicial bodies.⁸⁹ Given the sector's international character, practitioners are also bound by anti-money laundering obligations under the Money Laundering Act,⁹⁰ which mandates due diligence on cross-border transactions.⁹¹

Ethical and Professional Challenges

Marine taxation presents unique ethical challenges due to its cross-border nature and the presence of complex corporate structures. Common issues include: transfer pricing and artificial profit shifting through offshore entities;⁹² misrepresentation of cargo value to evade customs duties;⁹³ non-disclosure of foreign income and abuse of tax treaties;⁹⁴ bribery and facilitation payments at ports and customs checkpoints;⁹⁵ professional ethics therefore require strict adherence to transparency, integrity, and due diligence, as prescribed by the CITN and IESBA Codes of Conduct.⁹⁶

13.2. Revenue Administration and the Role of NIMASA and FIRS

Collaboration Between NIMASA and FIRS

In 2021, NIMASA and FIRS signed a Memorandum of Understanding (MoU) to enhance data sharing and ensure efficient tax collection from shipping companies.⁹⁷ The partnership allows both agencies to reconcile records of freight earnings and monitor compliance with marine levies and corporate taxes. Despite this collaboration, enforcement remains weak due to various reasons like Poor inter-agency coordination; Inconsistent application of tax rules to foreign shipping lines; and Limited capacity to track offshore transactions and remittances.⁹⁸ Digital integration and transparency measures such as electronic vessel registration and automated invoicing have been proposed to address these gaps.⁹⁹

⁸⁴ Value Added Tax Act (V1 LFN 2004), s 2(1).

⁸⁵ Finance Act 2023, s 9.

⁸⁶ Nigerian Ports Authority, *Ports Tariff Regulations* (2019) s 5

⁸⁷ Maritime Workers' Union of Nigeria, *Position Paper on Multiple Taxation in the Maritime Sector* (2021) 3.

⁸⁸ CITN, *Guidelines for Tax Practice in Nigeria* (2021) s 4.

⁸⁹ Tax Appeal Tribunal (Procedure) Rules 2021, r 4.

⁹⁰ Money Laundering (Prevention and Prohibition) Act 2022.

⁹¹ *ibid*, s 7.

⁹² OECD, *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* (2022).

⁹³ FIRS, *Customs and Marine Revenue Audit Report* (2020).

⁹⁴ OECD, *Model Tax Convention on Income and on Capital* (2021).

⁹⁵ Transparency International, *Bribery in Maritime Trade: Global Report* (2019) 11.

⁹⁶ IESBA, *International Code of Ethics for Professional Accountants* (2021) pt 2.

⁹⁷ FIRS and NIMASA, *Memorandum of Understanding on Marine Tax Collection* (2021).

⁹⁸ FIRS, *Tax Enforcement Progress Report* (2022) 18.

⁹⁹ NIMASA, *Blue Economy Digitalisation Plan* (2023).

Comparative Insights

United Kingdom: The UK applies a tonnage tax regime that allows shipping companies to elect to be taxed based on the net tonnage of their fleet, rather than actual profits. This system encourages compliance and simplifies administration.¹⁰⁰

Ghana and South Africa: Ghana's Income Tax Act and South Africa's Income Tax Act also impose taxes on non-resident shipping companies on income sourced within their waters, using rules similar to Nigeria's deemed profit system.¹⁰¹ These countries have introduced digital monitoring systems that enhance efficiency and minimise underreporting.

13.3. Aviation Taxation in Nigeria

The aviation sector occupies a crucial position in Nigeria's economic and infrastructural development, facilitating international trade, tourism, and connectivity. With over twenty active domestic and international airlines and multiple allied service providers, the industry contributes significantly to gross domestic product (GDP) and government revenue.¹⁰² However, aviation taxation in Nigeria is characterised by multiple levies, complex regulatory overlaps, and compliance challenges that often generate controversy between operators, regulatory agencies, and tax authorities. Professional tax advisers operating in this space must therefore balance technical competence with ethical and legal integrity to ensure compliance without unduly burdening operators or distorting market efficiency.

Legal Framework for Aviation Taxation in Nigeria

The regulatory and fiscal architecture of aviation taxation, just like the marine sector, is built on both domestic laws and international conventions.

Domestic Legislation: Key statutes governing aviation taxation include:

Companies Income Tax Act (CITA) imposes income tax on aviation companies carrying on business in Nigeria.¹⁰³ *Value Added Tax Act (VATA)* applies to ticket sales, cargo services, and aircraft maintenance services except for international flight tickets which are zero-rated.¹⁰⁴

Personal Income Tax Act (PITA) applies to employees of airlines and aviation service providers.¹⁰⁵

Nigerian Civil Aviation Act authorises the Nigerian Civil Aviation Authority (NCAA) to collect certain charges and fees, including passenger service charges and landing levies.¹⁰⁶

Finance Act introduced new withholding tax and digital service tax provisions applicable to foreign aircraft leasing and online ticketing operations.¹⁰⁷

International and Bilateral Instruments: Aviation taxation is also influenced by Nigeria's participation in international conventions, including: The Convention on International Civil Aviation (Chicago Convention), which underpins international taxation standards in aviation.¹⁰⁸ Bilateral Air Services Agreements (BASAs), which typically provide for reciprocal tax exemptions to avoid double taxation of airlines.¹⁰⁹ The OECD Model Tax Convention, which applies to taxation of income derived from international air transport under Article 8.¹¹⁰

Types of Taxes and Levies in the Nigerian Aviation Industry

Corporate Income Tax: All resident and non-resident airlines operating in Nigeria are subject to tax on profits derived from operations within the country. For non-resident airlines, tax is imposed on a deemed profit basis typically 2% of gross ticket sales pursuant to section 14 of CITA.¹¹¹

¹⁰⁰ HM Treasury, *Tonnage Tax Manual* (2020) 6–9.

¹⁰¹ Ghana Income Tax Act 2015 (Act 896), s 104; South Africa Income Tax Act 1962, s 9D.

¹⁰² Nigerian Civil Aviation Authority (NCAA), *Annual Industry Report 2023* (NCAA 2024) 5.

¹⁰³ Companies Income Tax Act (C21 LFN 2004), s 9.

¹⁰⁴ Value Added Tax Act (V1 LFN 2004), s 2(1).

¹⁰⁵ Personal Income Tax Act (P8 LFN 2004), s 3.

¹⁰⁶ Nigerian Civil Aviation Act 2006, ss 30–34.

¹⁰⁷ Finance Act 2023, s 11.

¹⁰⁸ Convention on International Civil Aviation (Chicago Convention) 1944, arts 15 and 24.

¹⁰⁹ Federal Ministry of Aviation, *Bilateral Air Services Agreements Compendium* (2021) 7.

¹¹⁰ OECD, *Model Tax Convention on Income and on Capital* (2021) art 8.

¹¹¹ Companies Income Tax Act (C21 LFN 2004), s 14(4).

Value Added Tax (VAT): VAT is chargeable at 7.5% on domestic flight tickets, cargo services, and other ancillary aviation activities.¹¹² International air transport services are zero-rated under section 2 of VATA, consistent with global best practice to avoid double taxation.¹¹³

Customs Duties and Import Taxes: Aircraft spare parts, ground support equipment, and aviation fuel are subject to customs duties and excise taxes under the Customs and Excise Management Act (CEMA), although certain exemptions are available for safety-critical imports.¹¹⁴

Aviation Service Charges

The NCAA, Federal Airports Authority of Nigeria (FAAN), and Nigerian Airspace Management Agency (NAMA) impose various service-related charges including: Passenger service charge (PSC), Cargo service fee, Aircraft parking and landing charges and Air navigation service fees.¹¹⁵ While these are administrative rather than tax revenues, they constitute quasi-fiscal obligations that significantly affect the operational costs of airlines.

Role of Tax Practitioners and Intermediaries in Aviation Taxation

Aviation taxation requires multidisciplinary expertise involving law, finance, and international regulation. The duties of professionals and tax intermediaries in this sector include: Advising airlines on compliance with CITA, VATA, and BASA provisions,¹¹⁶ assisting in structuring aircraft leasing and financing arrangements to optimise tax exposure,¹¹⁷ ensuring compliance with withholding tax and expatriate taxation rules under PITA,¹¹⁸ representing operators in disputes before the Tax Appeal Tribunal (TAT) and Federal High Court¹¹⁹ and managing compliance with international financial reporting standards and transfer pricing rules.¹²⁰

Given the highly regulated nature of the aviation industry, professionalism and ethics are indispensable to avoiding conflicts of interest, corruption, or tax evasion schemes.

Ethical and Professional Issues

Aviation taxation involves complex ethical considerations due to its transnational dimension. Common ethical challenges include:

Transfer pricing manipulation, where multinational airlines allocate income or expenses to minimise Nigerian tax liability.¹²¹

Double taxation disputes, arising from inconsistent application of BASA and domestic tax laws.¹²²

Overlapping jurisdiction among FIRS, NCAA, and FAAN, which sometimes leads to multiple taxation.¹²³

Bribery and facilitation payments related to customs clearance, regulatory approvals, and tax waivers.¹²⁴

Professional conduct in this field must therefore adhere strictly to the CITN, ICAN, and IESBA ethical frameworks emphasising integrity, objectivity and professional behaviour.¹²⁵

Judicial Interpretation and Case Law

Judicial pronouncements have clarified several contentious aspects of aviation taxation. In *British Airways Plc v Federal Inland Revenue Service*¹²⁶, the Tax Appeal Tribunal held that income derived from ticket sales in Nigeria, even if remitted offshore, constitutes taxable income sourced within Nigeria under section 9 of CITA.¹²⁷ Similarly, in *Virgin Atlantic Airways Ltd v FIRS*, the Tribunal ruled that VAT exemption applies only to international flights directly originating from or terminating in Nigeria, reaffirming the statutory limitation on zero-rating under VATA.¹²⁸ These decisions highlight the judiciary's role in balancing fiscal policy objectives with principles of fairness and international comity.

¹¹² FIRS, *VAT Guidelines for the Aviation Sector* (2022) 3.

¹¹³ *ibid* 4.

¹¹⁴ Customs and Excise Management Act (C45 LFN 2004), s 27.

¹¹⁵ Nigerian Airspace Management Agency (NAMA), *Air Navigation Fees Schedule* (2022).

¹¹⁶ CITN, *Guidelines for Tax Practice in Nigeria* (2021) s 4.

¹¹⁷ ICAO, *Aircraft Leasing and Taxation Report* (2020) 15.

¹¹⁸ Personal Income Tax Act (P8 LFN 2004), ss 10-12.

¹¹⁹ Tax Appeal Tribunal (Procedure) Rules 2021, r 5.

¹²⁰ IFRS Foundation, *IFRS 16: Leases* (2016).

¹²¹ OECD, *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* (2022) ch I.

¹²² FIRS, *Double Taxation Treaty Administration Report* (2022).

¹²³ International Air Transport Association (IATA), *Nigeria Aviation Charges Study* (2020) 9.

¹²⁴ Transparency International, *Corruption in African Aviation* (2021) 6.

¹²⁵ IESBA, *International Code of Ethics for Professional Accountants* (2021) pt 2.

¹²⁶ *British Airways Plc v Federal Inland Revenue Service* (2017) 11 TLRN 120

¹²⁷ *ibid*.

¹²⁸ *Virgin Atlantic Airways Ltd v FIRS* (2019) 14 TLRN 55.

Comparative and International Insights

United States: In the United States, the Federal Aviation Administration (FAA) and Internal Revenue Service (IRS) administer aviation-related taxes, including excise taxes on passenger tickets and fuel. The U.S. model emphasises transparency, automation, and real-time tax collection through integrated digital systems.¹²⁹

European Union: The European Union applies harmonised value-added tax (VAT) rules and environmental levies on air travel under the EU Emissions Trading System (ETS), incentivising greener operations while maintaining fiscal consistency.¹³⁰

African Context: Countries such as Kenya and South Africa have adopted simplified aviation tax regimes that minimise double taxation and streamline administrative procedures through one-stop revenue portals.¹³¹ Nigeria can draw valuable lessons from these approaches to improve efficiency and compliance.

Challenges in Aviation Tax Administration

Despite the existence of a detailed legal framework, aviation taxation in Nigeria faces persistent challenges, including: multiplicity of taxes and levies, resulting in high operational costs for airlines,¹³² weak inter-agency coordination between FIRS, NCAA, and FAAN,¹³³ frequent policy changes that create uncertainty for investors and practitioners¹³⁴ and limited professional capacity among tax officers to handle international aviation tax complexities.¹³⁵ The combined effect of these issues contributes to high ticket prices, reduced competitiveness, and increased risk of non-compliance among operators.

13.4. Taxation of the Banking Sector in Nigeria

The banking sector is central to Nigeria's financial system and contributes significantly to the nation's tax revenue through corporate income tax, withholding tax, value added tax (VAT), and stamp duties. Banks act both as taxpayers and tax intermediaries, collecting and remitting taxes on behalf of the Federal Government and other relevant authorities.¹³⁶ Given the sector's strategic role, taxation in banking is intertwined with monetary regulation, compliance obligations under the Central Bank of Nigeria (CBN) framework, and professional ethical standards. The integrity and professionalism of tax practitioners in this field are essential to prevent tax evasion, money laundering, and other financial malpractices.

Legal Framework Governing Banking Taxation

Banking taxation in Nigeria is governed by several key pieces of legislation like Companies Income Tax Act (CITA) which imposes corporate income tax at 30% on the profits of all banks and financial institutions;¹³⁷ Finance Act 2021 and 2023 Amendments that introduced additional obligations such as the Education Tax and Tertiary Education Trust Fund (TETFund) levy, as well as the Electronic Money Transfer Levy (EMTL);¹³⁸ Value Added Tax Act (VATA) applies to banking services such as loan administration fees, account maintenance, and electronic transactions;¹³⁹ Stamp Duties Act that provides for duties on banking instruments, including cheques, electronic transfers, and other negotiable instruments¹⁴⁰ and Bank and Other Financial Institutions Act (BOFIA) which mandates compliance with prudential guidelines and provides that taxation of banks must align with CBN regulations.¹⁴¹

Regulatory Agencies

The administration of banking taxation involves multiple agencies such as the Federal Inland Revenue Service (FIRS) which is the primary tax collection agency; Central Bank of Nigeria (CBN) whose duty is to regulate compliance through monetary policy and reporting obligations and Nigeria Deposit Insurance Corporation (NDIC) that monitors financial reporting relevant to tax compliance.¹⁴² This multi-agency structure necessitates professionalism and coordination among practitioners to ensure accuracy and integrity in tax reporting.

¹²⁹ U.S. Internal Revenue Service, *Air Transportation Excise Taxes Report* (2021).

¹³⁰ European Commission, *EU Emissions Trading System and Aviation* (2023).

¹³¹ Kenya Revenue Authority, *Aviation Tax Compliance Framework* (2022); South African Revenue Service, *Air Transport Tax Policy Review* (2021).

¹³² Airline Operators of Nigeria, *Position Paper on Multiple Taxation* (2023) 4.z

¹³³ NCAA, *Stakeholders' Consultation on Aviation Tax Reform* (2022) 12.

¹³⁴ IATA, *Air Transport Policy and Fiscal Stability Report: Nigeria* (2023).

¹³⁵ FIRS, *Professional Competence Assessment in Specialized Tax Sectors* (2024) 18.

¹³⁶ Central Bank of Nigeria, *Financial Stability Report* (CBN 2023) 8.

¹³⁷ Companies Income Tax Act (C21 LFN 2004), s 9.

¹³⁸ Finance Act 2023, s 12; Finance Act 2021, s 8.

¹³⁹ Value Added Tax Act (V1 LFN 2004), s 2(1).

¹⁴⁰ Stamp Duties Act (S8 LFN 2004), s 3.

¹⁴¹ Banks and Other Financial Institutions Act (BOFIA) 2020, s 55.

¹⁴² Nigeria Deposit Insurance Corporation (NDIC), *Annual Report 2022* (NDIC 2023) 22.

Forms of Taxation in the Banking Sector

Corporate Income Tax: Under section 9 of the CITA, banks are liable to corporate income tax on all profits accrued or derived from Nigeria. Specific provisions under section 19 (excess dividend tax) are particularly relevant to banks distributing dividends out of retained earnings or exempt income.¹⁴³

Withholding Tax (WHT): Banks act as collection agents for withholding tax on interest, dividends, and rent payments. Section 78 of CITA mandates deduction of WHT at rates varying between 5% and 10%, depending on the type of transaction.¹⁴⁴

Value Added Tax: VAT applies to a wide range of financial services, including management fees, ATM card issuance, and electronic transaction charges.¹⁴⁵ However, interests on loans and deposits are exempt from VAT under section 2 of the VATA (as amended).¹⁴⁶

Stamp Duties and Electronic Money Transfer Levy: The Stamp Duties Act (as amended by the Finance Act 2019) imposes a ₦50 duty on electronic transfers of ₦10,000 and above.¹⁴⁷ In addition, the Finance Act 2020 introduced the Electronic Money Transfer Levy (EMTL), charged at ₦50 per transaction to replace stamp duty on electronic transfers.¹⁴⁸

Education Tax and Other Levies: Banks also pay Education Tax at 2.5% of assessable profits under the Tertiary Education Trust Fund Act and contribute to sectoral levies, including the National Information Technology Development Agency (NITDA) levy at 1% of profit before tax for technology-based banks.¹⁴⁹

Professionalism and Compliance Obligations

Tax practitioners and accountants in the banking sector must demonstrate a strong command of both tax and financial regulations. Professional duties include; Preparing accurate tax computations in compliance with IFRS and CBN guidelines.¹⁵⁰ Advising management on tax planning and regulatory risks.¹⁵¹ Ensuring proper deduction and remittance of withholding tax, VAT, and EMTL.¹⁵² Preventing tax avoidance schemes and ensuring full disclosure of related-party transactions under transfer pricing regulations.¹⁵³ The CITN Code of Conduct requires practitioners to act with integrity and objectivity, while maintaining independence from undue influence by clients or superiors.¹⁵⁴

Tax Avoidance and Evasion Risks in Banking

The complex nature of financial transactions in banking provides opportunities for tax evasion and avoidance through methods such as: Misclassification of income and expenses,¹⁵⁵ Artificial transfer pricing among related entities,¹⁵⁶ Concealment of offshore profits or commission income¹⁵⁷ and Abuse of tax incentives and exemptions for special purpose vehicles (SPVs).¹⁵⁸ Professional tax advisers must therefore ensure full compliance with anti-avoidance provisions under section 22 of CITA and report suspicious transactions in accordance with the Money Laundering Act.¹⁵⁹

Ethical Issues and Professional Conduct in Banking Taxation

Ethical challenges in banking taxation include conflict of interest, data confidentiality, and corporate pressure to manipulate tax outcomes. Practitioners must uphold confidentiality while ensuring transparency to tax authorities. The CITN, ICAN, and IESBA ethical standards collectively emphasise: integrity that is honesty in all tax reporting, objectivity that is avoidance of bias or undue influence and professional competence that is continuous education and awareness of new laws.¹⁶⁰ Failure to maintain these standards exposes professionals to disciplinary action and reputational damage.

¹⁴³ Companies Income Tax Act, s 19.

¹⁴⁴ Companies Income Tax Act s 78.

¹⁴⁵ FIRS, *VAT (Amendment) Guidelines for Financial Institutions* (2022).

¹⁴⁶ Value Added Tax Act (V1 LFN 2004), s 2(2).

¹⁴⁷ Stamp Duties Act (S8 LFN 2004), First Schedule.

¹⁴⁸ Finance Act 2020, s 48.

¹⁴⁹ Tertiary Education Trust Fund (Establishment, Etc.) Act 2011, s 3; NITDA Act 2007, s 12.

¹⁵⁰ IFRS Foundation, *IFRS 9: Financial Instruments* (2018).

¹⁵¹ CITN, *Tax Practice Guidelines* (2021) s 3.

¹⁵² FIRS, *Withholding Tax Operational Manual* (2023).

¹⁵³ Income Tax (Transfer Pricing) Regulations 2018, reg 5.

¹⁵⁴ Chartered Institute of Taxation of Nigeria, *Code of Professional Conduct and Ethics* (2021).

¹⁵⁵ OECD, *Base Erosion and Profit Shifting (BEPS) Report* (2021).

¹⁵⁶ FIRS, *Transfer Pricing Audit Reports 2022* (2023).

¹⁵⁷ Financial Action Task Force (FATF), *Mutual Evaluation Report on Nigeria* (2022).

¹⁵⁸ World Bank, *Financial Sector Tax Incentives Report* (2023).

¹⁵⁹ Money Laundering (Prevention and Prohibition) Act 2022, ss 7-8.

¹⁶⁰ IESBA, *International Code of Ethics for Professional Accountants* (2021) pt 2.

Tax Administration Challenges in the Banking sector

Tax administration in the banking sector faces notable challenges comprising of multiplicity of regulatory filings between CBN, FIRS, and NDIC,¹⁶¹ Frequent policy amendments, such as changes in VAT and WHT rates,¹⁶² technological and reporting inconsistencies between bank systems and FIRS portals¹⁶³ and inadequate professional expertise in interpreting financial instruments for taxation.¹⁶⁴

Effective administration therefore depends on enhanced training and collaboration among tax professionals, regulators, and institutions.

Comparative Analysis

United Kingdom: In the UK, banks are subject to corporation tax and an additional bank surcharge of 3% on profits exceeding a specified threshold, designed to ensure equitable contribution to national revenue.¹⁶⁵

South Africa: South Africa's banking tax framework under the Income Tax Act 1962 includes specific provisions on financial services VAT and withholding taxes on cross-border interest payments, enforced through a robust digital reporting system.¹⁶⁶

Lessons for Nigeria: Nigeria can adopt a risk-based audit approach and digital integration between FIRS and CBN databases to improve transparency and reduce compliance costs for banks.¹⁶⁷

13.5. Taxation of the Insurance Sector in Nigeria

The insurance industry occupies a vital position in Nigeria's financial ecosystem, providing risk management services, promoting savings, and facilitating economic stability. The taxation of the insurance sector presents distinctive challenges due to the complexity of insurance contracts, the timing of income recognition, and the treatment of policyholder reserves. Tax practitioners operating in this field must therefore possess deep knowledge of both insurance accounting principles and taxation law, guided by professional ethics and statutory compliance.¹⁶⁸ Taxation in the insurance sector demands a careful balance between revenue generation and industry sustainability. Professional tax practitioners play a crucial role in ensuring fairness, transparency, and compliance. By harmonising fiscal and regulatory standards, enhancing capacity building, and embracing technology, Nigeria can develop a more coherent and ethical insurance tax framework consistent with international best practices.

Legal Framework for Insurance Taxation in Nigeria

The taxation of insurance companies in Nigeria is governed by a combination of general tax statutes and sector-specific legislation and they include:

Companies Income Tax Act (CITA): Part IV (sections 16 and 17) of this Act provides specific rules for taxing insurance businesses, differentiating between life and non-life (general) insurance companies;¹⁶⁹

Finance Act: the amended sections 16 and 17 of CITA to clarify the computation of taxable profits and admissible deductions for insurers;¹⁷⁰

Insurance Act: this Act regulates the operations of insurance companies and sets prudential guidelines for premium recognition and reserve maintenance, which directly affect tax calculations.¹⁷¹

National Insurance Commission (NAICOM) Act: this Act empowers NAICOM to supervise insurance activities and ensure compliance with tax obligations.¹⁷²

Value Added Tax Act (VATA) applies VAT to certain insurance services, though life insurance premiums are exempted.¹⁷³

Taxation of Life and Non-Life Insurance Businesses

Life Insurance Companies: Life insurance businesses are taxed based on investment income and surplus from actuarial valuations. Section 16 of CITA stipulates that only 20% of gross income from life business, or the actual

¹⁶¹ FIRS, *Banking Sector Compliance Assessment Report* (2022).

¹⁶² CBN, *Fiscal Policy Circular* (2023) para 4.

¹⁶³ NDIC, *Digital Compliance Integration Strategy* (2023) 11.

¹⁶⁴ CITN, *Professional Competency Framework for Financial Institutions* (2022).

¹⁶⁵ HM Treasury, *Bank Corporation Tax Surcharge Guidance* (2021).

¹⁶⁶ South African Revenue Service, *Taxation of Financial Institutions Report* (2021).

¹⁶⁷ IMF, *Nigeria: Fiscal Transparency Evaluation* (2023).

¹⁶⁸ National Insurance Commission (NAICOM), *Annual Industry Report 2023* (NAICOM 2024) 6.

¹⁶⁹ Companies Income Tax Act (C21 LFN 2004), ss 16-17.

¹⁷⁰ Finance Act 2021, s 8.

¹⁷¹ Insurance Act 2003, ss 13-18.

¹⁷² National Insurance Commission Act 1997, s 6.

¹⁷³ Value Added Tax Act (V1 LFN 2004), s 2(2).

investment income (whichever is higher), is subject to corporate income tax.¹⁷⁴ Allowable deductions include: expenses on reinsurance premiums, commissions, and management costs and policyholder benefits and claims paid during the year.¹⁷⁵ However, practitioners must distinguish between policyholder liabilities (non-taxable) and shareholder funds (taxable) to ensure accurate tax computation.¹⁷⁶

Non-Life (General) Insurance Companies: For general insurance companies, section 16(2)(a) of CITA provides that taxable profit shall be determined as the total premiums and other income less allowable deductions such as reinsurance and claims incurred.¹⁷⁷ Unexpired risk reserves and outstanding claims provisions are allowable only to the extent approved by NAICOM, ensuring consistency between financial and tax reporting standards.¹⁷⁸

Value Added Tax (VAT) in the Insurance Sector: Under the Value Added Tax Act, VAT is chargeable at 7.5% on insurance brokerage services, management fees, and reinsurance commissions.¹⁷⁹ However, life insurance premiums and reinsurance of life policies are exempted to avoid double taxation and to encourage long-term savings.¹⁸⁰ FIRS guidelines issued in 2022 clarified that VAT is not chargeable on insurance indemnity payments or claims settlements, as these do not constitute consideration for a taxable supply.¹⁸¹

Withholding Tax and Other Levies: Insurance companies are subject to withholding tax (WHT) on commissions paid to agents and brokers, typically at 10% for corporate entities and 5% for individuals under CITA, section 78.¹⁸²

In addition, insurers contribute to: The Education Tax (2.5% of assessable profit); and The National Insurance Commission (NAICOM) Levy, fixed at 1% of gross premium income.¹⁸³

The Role of Tax Practitioners in Insurance Taxation

Tax practitioners and financial advisers play critical roles in the insurance sector by ensuring compliance, accurate tax computation, and ethical reporting. Their duties include: Preparing and reviewing tax computations in line with NAICOM and FIRS requirements,¹⁸⁴ advising on the tax implications of reinsurance, investment income, and policyholder reserves,¹⁸⁵ assisting in dispute resolution and representation before the Tax Appeal Tribunal (TAT) and courts¹⁸⁶ and ensuring compliance with international accounting and reporting standards such as IFRS 17 (Insurance Contracts).¹⁸⁷ Professionals must also uphold ethical conduct under the CITN and IESBA codes, maintaining objectivity and transparency in all engagements.

Ethical and Professional Issues in Insurance Tax Practice

The peculiar nature of insurance accounting creates ethical challenges, such as: manipulation of policyholder reserves to reduce taxable income,¹⁸⁸ overstatement of claims or reinsurance premiums to inflate deductible expenses,¹⁸⁹ non-disclosure of investment income from policyholder funds,¹⁹⁰ and collusion between auditors and management to evade tax.¹⁹¹ Professionalism demands adherence to principles of integrity, transparency, and independence. The CITN and NAICOM require periodic training and certification to ensure practitioners maintain up-to-date technical and ethical competencies.¹⁹²

Dispute Resolution and Case Law

In *Leadway Assurance Co Ltd v FIRS*, the Tax Appeal Tribunal held that the FIRS was correct in disallowing excessive management expenses claimed by the insurer, reaffirming the rule that only expenses wholly, reasonably, and exclusively incurred for generating income are deductible under section 24(a) of CITA.¹⁹³

¹⁷⁴ Companies Income Tax Act, s 16(1).

¹⁷⁵ *ibid* s 24.

¹⁷⁶ FIRS, *Guidelines on Taxation of Life Insurance Business* (2022) 3.

¹⁷⁷ Companies Income Tax Act, s 16(2)(a).

¹⁷⁸ NAICOM, *Prudential Guidelines for Insurance Companies* (2021) para 6.3.

¹⁷⁹ Value Added Tax Act (V1 LFN 2004), s 2(1).

¹⁸⁰ FIRS, *VAT Clarifications on Financial and Insurance Services* (2022) 2.

¹⁸¹ *ibid* 3.

¹⁸² Companies Income Tax Act, s 78(1).

¹⁸³ National Insurance Commission Act 1997, s 17(1).

¹⁸⁴ CITN, *Tax Practice Guidelines* (2021) s 3.

¹⁸⁵ FIRS, *Sectoral Tax Compliance Manual: Insurance Industry* (2023).

¹⁸⁶ Tax Appeal Tribunal (Procedure) Rules 2021, r 4.

¹⁸⁷ IFRS Foundation, *IFRS 17: Insurance Contracts* (2021).

¹⁸⁸ OECD, *Insurance and Reinsurance Taxation Review* (2020) 8.

¹⁸⁹ FIRS, *Audit Findings on Insurance Companies 2022* (2023).

¹⁹⁰ NAICOM, *Investment Compliance Report* (2022) 5.

¹⁹¹ Transparency International, *Financial Integrity in Insurance Regulation* (2021) 12.

¹⁹² Chartered Institute of Taxation of Nigeria, *Code of Professional Conduct and Ethics* (2021) para 4.

¹⁹³ *Leadway Assurance Co Ltd v FIRS* (2016) 9 TLRN 144.

Similarly, in *AIICO Insurance Plc v FIRS*, the Tribunal ruled that unexpired risk reserves not approved by NAICOM could not be claimed as allowable deductions for tax purposes.¹⁹⁴ These cases underscore the importance of professional diligence and alignment between tax and regulatory reporting.

International and Comparative Perspectives

United Kingdom: The UK distinguishes between life and general insurance for tax purposes, with taxation based on policyholder and shareholder fund segregation under the Finance Act.¹⁹⁵

The Prudential Regulation Authority (PRA) and HMRC ensure alignment between financial solvency and taxation.

South Africa: South Africa's Income Tax Act adopts an actuarial basis for determining taxable income of insurers, integrating IFRS 17 standards to reduce compliance discrepancies.¹⁹⁶

Lessons for Nigeria: Nigeria can enhance its insurance taxation regime by adopting: An actuarial-based taxation model aligned with IFRS 17; a central database for insurers' tax filings shared between FIRS and NAICOM; Enhanced dispute resolution mechanisms to reduce litigation delays.

Challenges in Insurance Tax Administration

Key challenges facing insurance taxation in Nigeria include: i) Inconsistent interpretation of CITA provisions between FIRS and NAICOM;¹⁹⁷ ii) Delayed adoption of IFRS 17, leading to reporting inconsistencies;¹⁹⁸ iii) Low tax literacy among practitioners in the insurance sector;¹⁹⁹ iv) Multiple levies imposed by various federal and state authorities.²⁰⁰ These issues undermine efficiency and increase compliance costs for insurance companies.

13.6. Bankruptcy and Taxation in Nigeria

The intersection between bankruptcy (insolvency) and taxation presents complex legal, fiscal, and ethical challenges. When a company or individual becomes insolvent, tax obligations often remain outstanding, raising questions about priority of tax claims, treatment of tax debts, and the responsibility of tax practitioners in the restructuring or liquidation process.²⁰¹ In Nigeria, bankruptcy taxation is governed by a combination of the Bankruptcy Act, the Companies and Allied Matters Act (CAMA), and the Federal Inland Revenue Service (Establishment) Act. These frameworks determine how tax liabilities are treated in insolvency and the extent to which professionals must act with integrity and diligence when advising distressed entities.²⁰²

Legal Framework for Bankruptcy and Taxation in Nigeria

*Bankruptcy Act:*²⁰³ The Bankruptcy Act applies primarily to individuals and partnerships. It provides that upon adjudication as bankrupt, all debts and liabilities including unpaid taxes are provable and must be settled through the distribution of the bankrupt's estate.²⁰⁴ Under section 33(3), tax obligations owed to the Federal Government rank as preferential debts, enjoying priority over unsecured creditors.²⁰⁵

Companies and Allied Matters Act (CAMA): For corporate insolvency, CAMA establishes the procedures for receivership, administration, and liquidation. Section 657(1) specifies that in winding up, taxes due and payable at the commencement of liquidation rank in priority to unsecured debts, though they may fall behind secured creditors and liquidation costs.²⁰⁶ This prioritisation underscores the importance of tax compliance even during insolvency proceedings and requires that tax professionals accurately determine tax liabilities before distribution of assets.²⁰⁷

Federal Inland Revenue Service (Establishment) Act: The FIRS (Establishment) Act, section 8, authorises the Service to recover unpaid taxes through enforcement, garnishee proceedings, and liquidation actions against defaulting entities.²⁰⁸ FIRS can also collaborate with insolvency practitioners to assess outstanding taxes and

¹⁹⁴ *AIICO Insurance Plc v FIRS* (2019) 12 TLRN 77.ss.

¹⁹⁵ HMRC, *Insurance Taxation Manual* (2021) para 1.3.

¹⁹⁶ South African Revenue Service, *Insurance Industry Tax Framework* (2022).

¹⁹⁷ FIRS, *Insurance Sector Compliance Audit Report* (2023).

¹⁹⁸ NAICOM, *IFRS 17 Implementation Roadmap* (2023).

¹⁹⁹ CITN, *Professional Competency Framework for Insurance Practitioners* (2022)

²⁰⁰ IMF, *Nigeria: Insurance Sector Fiscal Assessment* (2024).

²⁰¹ Federal Inland Revenue Service (FIRS), *Corporate Insolvency and Tax Compliance Report* (2023) 3.

²⁰² Companies and Allied Matters Act 2020, ss 653–657; Bankruptcy Act (Cap B2 LFN 2004), s 33.

²⁰³ (Cap B2, LFN 2004).

²⁰⁴ Bankruptcy Act (Cap B2 LFN 2004), s 31.

²⁰⁵ *ibid* s 33(3).

²⁰⁶ Companies and Allied Matters Act 2020, s 657(1).

²⁰⁷ Federal High Court (Lagos Division), *In re Alpha Merchant Bank Ltd (in liquidation)* (2018) Unreported Judgment, 12.

²⁰⁸ FIRS (Establishment) Act 2007, s 8.

determine whether directors or shareholders should be held personally liable under section 40 of CITA for deliberate non-remittance.²⁰⁹

Tax Liabilities in Insolvency Proceedings

When a company enters insolvency, three major tax obligations are typically reviewed: Corporate Income Tax assessed on profits up to the point of insolvency,²¹⁰ Value Added Tax obligations on goods and services supplied prior to winding up,²¹¹ And Withholding Tax and PAYE deductions withheld but not remitted by the company's management.²¹² Failure to remit these taxes constitutes an offence under section 40 of the FIRS (Establishment) Act, and may trigger criminal prosecution against directors and financial officers.²¹³

The Role of Tax Practitioners and Insolvency Professionals

Tax practitioners play a pivotal role in ensuring fiscal compliance during insolvency. Their professional duties include: verifying outstanding tax liabilities prior to asset distribution,²¹⁴ advising insolvency administrators on the priority of tax debts,²¹⁵ liaising with FIRS to reconcile tax assessments and avoid double taxation,²¹⁶ and ensuring ethical conduct and avoidance of conflict of interest during liquidation.²¹⁷ Practitioners are expected to follow the CITN Code of Professional Conduct and IFAC's International Code of Ethics, which emphasise integrity, transparency, and objectivity in professional decision-making.²¹⁸

Priority of Tax Debts and Distribution of Assets

Tax debts are ranked among preferential claims during bankruptcy or liquidation. The typical order of payment under Nigerian law is: Costs of insolvency administration (including professional fees), secured creditors, preferential debts, including taxes, employee wages, and pension contributions,²¹⁹ unsecured creditors, and shareholders or members (if surplus remains).²²⁰ In *In re African Continental Bank Plc (in liquidation)*, the Federal High Court affirmed that tax liabilities arising before liquidation are enforceable against the estate of the company and must be satisfied prior to payment of general unsecured debts.²²¹

Tax Implications of Debt Restructuring and Receivership

Under CAMA, companies undergoing debt restructuring or receivership must still comply with all tax obligations, including VAT and WHT on transactions during the process.²²² Where debts are written off or forgiven, the forgiven portion may constitute taxable income under section 24 of CITA unless it qualifies as a capital receipt.²²³ Tax professionals must exercise due diligence in ensuring that such transactions are properly documented and reported to avoid post-liquidation disputes with FIRS.²²⁴

Ethical Challenges and Professional Conduct

Bankruptcy situations present heightened ethical risks for practitioners, including: pressure to conceal tax liabilities to favour creditors,²²⁵ conflict of interest between acting for the debtor and the tax authority,²²⁶ and misrepresentation of financial position to avoid tax assessments.²²⁷ The CITN, ICAN, and NBA ethics frameworks require professionals to maintain independence of judgment and truthfulness in reporting during insolvency.²²⁸

²⁰⁹ Companies Income Tax Act (C21 LFN 2004), s 40.

²¹⁰ *ibid* s 9.

²¹¹ Value Added Tax Act (V1 LFN 2004), s 2.

²¹² Personal Income Tax Act (P8 LFN 2004), s 81

²¹³ FIRS (Establishment) Act 2007, s 40(1)(a).

²¹⁴ Chartered Institute of Taxation of Nigeria, *Guidelines for Insolvency Tax Practice* (2022) 5.

²¹⁵ *ibid* 6.

²¹⁶ FIRS, *Tax Administration in Insolvency Proceedings Manual* (2023) 4.

²¹⁷ International Federation of Accountants (IFAC), *Ethical Standards for Insolvency Practitioners* (2021).

²¹⁸ CITN, *Code of Professional Conduct and Ethics* (2021) para 5.

²¹⁹ Companies and Allied Matters Act 2020, s 657(1)(a)–(d).

²²⁰ Bankruptcy Act, s 33.

²²¹ *In re African Continental Bank Plc (in liquidation)* (2015) 8 TLRN 92.

²²² CAMA 2020, s 658.

²²³ Companies Income Tax Act, s 24(a).

²²⁴ FIRS, *Debt Restructuring and Tax Treatment Circular* (2022).

²²⁵ Transparency International, *Ethical Risks in Insolvency Practice* (2022).

²²⁶ ICAN, *Ethics and Professional Conduct for Accountants* (2021) para 8.2.

²²⁷ OECD, *Tax Transparency in Insolvency Proceedings* (2021).

²²⁸ Nigerian Bar Association (NBA), *Professional Conduct for Legal Practitioners Rules* (2023), r 15.

Failure to adhere to these standards can attract disciplinary measures and potential criminal liability under section 94 of the Bankruptcy Act.²²⁹

Comparative Perspectives

United Kingdom: In the UK, the Insolvency Act ranks tax debts as unsecured, except for VAT and PAYE, which may have preferential status under specific circumstances.²³⁰ The Finance Act reintroduced ‘Crown Preference,’ giving HMRC secondary preferential status for certain taxes collected but not remitted (e.g. VAT and PAYE).²³¹

United States: Under the U.S. Bankruptcy Code, tax debts are classified as priority claims under section 507(a)(8), and remain enforceable against the debtor’s estate if incurred within three years prior to bankruptcy.²³²

Lessons for Nigeria: Nigeria can improve its insolvency–taxation interface by: adopting clearer ranking rules distinguishing between pre- and post-insolvency tax obligations, establishing digital tax clearance certification before liquidation approval and enhancing collaboration between FIRS, CAC, and the Insolvency Practitioners Association of Nigeria (IPAN).²³³

The Role of Courts and the Tax Appeal Tribunal (TAT)

The Tax Appeal Tribunal (Establishment) Act allows FIRS and insolvency practitioners to resolve tax-related disputes arising from liquidation.²³⁴ In *FIRS v Intercontinental Bank (in liquidation)*, the Tribunal held that liquidation does not extinguish tax liability, as taxes are statutory debts that survive insolvency unless explicitly waived by law.²³⁵ The courts have consistently upheld the doctrine of fiscal priority, ensuring that tax obligations are settled before the distribution of residual assets.²³⁶

Policy Challenges

Challenges affecting the effective administration of bankruptcy taxation include: absence of integrated data systems between FIRS and insolvency practitioners,²³⁷ delays in tax clearance certificates before dissolution of companies,²³⁸ unclear definitions of tax debts under bankruptcy proceedings,²³⁹ and low professional capacity in insolvency taxation advisory.²⁴⁰

13.7. Ethical Challenges and Professional Conduct in Tax Practice

Tax practice is not merely a technical activity of computing or filing taxes; it is a moral and professional enterprise governed by principles of fairness, transparency, and integrity. Ethical challenges in tax practice arise from the tension between revenue maximisation by government and tax minimisation by clients, often placing practitioners at the intersection of conflicting interests.²⁴¹ Professional conduct is therefore critical to preserving the credibility of the taxation system in Nigeria. The Chartered Institute of Taxation of Nigeria (CITN), alongside global bodies such as IFAC and the International Ethics Standards Board for Accountants (IESBA), sets out ethical guidelines to guide the actions of tax professionals.²⁴²

The Concept of Professional Ethics in Tax Practice

Ethics in tax practice refers to a set of moral principles and professional standards that guide the behaviour of practitioners in their interactions with clients, tax authorities, and the public.²⁴³ According to the CITN Code of Professional Conduct (2021), tax professionals must act with integrity, objectivity, competence, confidentiality, and professional behaviour in all engagements.²⁴⁴ These standards align with international ethical principles under

²²⁹ Bankruptcy Act, s 94.

²³⁰ Insolvency Act 1986 (UK), s 175.

²³¹ Finance Act 2020 (UK), s 98.

²³² United States Bankruptcy Code, §507(a)(8).

²³³ Insolvency Practitioners Association of Nigeria (IPAN), *Policy Recommendations on Insolvency Taxation* (2023).

²³⁴ Tax Appeal Tribunal (Establishment) Act 2021, s 3

²³⁵ *FIRS v Intercontinental Bank (in liquidation)* (2017) 10 TLRN 45.

²³⁶ *Federal Inland Revenue Service v United Bank for Africa Plc (in liquidation)* (2020) Unreported Judgment, FHC/L/CS/444/2019.

²³⁷ FIRS, *Insolvency Taxation Data Integration Report* (2022).

²³⁸ Corporate Affairs Commission (CAC), *Post-Liquidation Audit Procedures Manual* (2023).

²³⁹ IMF, *Nigeria: Fiscal and Insolvency Interface Review* (2023).

²⁴⁰ CITN and IPAN, *Professional Capacity Report on Insolvency Tax Practice* (2022).

²⁴¹ Chartered Institute of Taxation of Nigeria (CITN), *Ethics in Tax Practice Report* (2022) 4.

²⁴² International Federation of Accountants (IFAC), *International Code of Ethics for Professional Accountants* (IESBA, 2021).

²⁴³ O Adebayo, ‘Professional Ethics and Tax Compliance in Nigeria’ (2023) 45 *Nigerian Journal of Taxation and Policy* 17.

²⁴⁴ CITN, *Code of Professional Conduct and Ethics* (2021) para 3.

the IESBA Code, which emphasises the importance of moral courage and independence in tax advisory and compliance services.²⁴⁵

Core Ethical Principles Governing Tax Practice

Integrity: Integrity demands honesty and straightforwardness in professional dealings. Tax practitioners must not knowingly prepare, approve, or submit false tax documents or facilitate misleading representations.²⁴⁶

Objectivity: Practitioners must remain impartial and free from conflicts of interest when offering tax advice or representing clients before authorities.²⁴⁷

Professional Competence and Due Care: Continuous professional development is mandatory under the CITN Act. Practitioners are required to keep abreast of legal and policy changes to maintain competence in tax advisory and compliance work.²⁴⁸

Confidentiality: Practitioners must not disclose client information without consent, except where legally mandated, such as under section 28(2) of the FIRS (Establishment) Act concerning investigations.²⁴⁹

Professional Behaviour: Tax professionals are expected to conduct themselves in a manner that upholds public trust and the reputation of the tax profession.²⁵⁰

Sources of Ethical Standards in Nigerian Tax Practice

Ethical regulation in Nigerian tax practice is drawn from several instruments: Chartered Institute of Taxation of Nigeria Act,²⁵¹ CITN Code of Professional Conduct and Ethics,²⁵² ICAN Code of Professional Conduct,²⁵³ IFAC and IESBA International Code of Ethics for Professional Accountants,²⁵⁴ and Nigerian Bar Association (Rules of Professional Conduct for Legal Practitioners).²⁵⁵ These instruments collectively define the ethical boundaries within which tax practitioners must operate, regardless of their area of specialisation whether legal, accounting, or consultancy-based.²⁵⁶

Ethical Challenges in Nigerian Tax Practice

Ethical challenges in Nigeria stem from structural, institutional, and personal factors affecting both tax practitioners and administrators.

Client Pressure and Aggressive Tax Planning: Clients often pressure practitioners to exploit loopholes or engage in tax avoidance schemes that border on illegality.²⁵⁷ In some cases, practitioners manipulate deductions, understate turnover, or conceal related-party transactions to reduce liability.²⁵⁸

Corruption and Collusion: Collusion between tax officials and practitioners remains a major ethical concern, undermining transparency and eroding public trust in the taxation system.²⁵⁹

Lack of Continuous Professional Education: Rapid policy changes under successive Finance Acts demand constant retraining. Many practitioners, however, fail to meet the CITN's Continuing Professional Education (CPE) requirements, resulting in outdated practices.²⁶⁰

Conflict of Interest: Practitioners who represent multiple clients with opposing interests, or who simultaneously act as consultants and auditors, often face ethical dilemmas.²⁶¹

Political and Institutional Pressure: Tax professionals in public service face pressure from political authorities to manipulate assessments, delay enforcement, or overlook compliance violations.²⁶²

²⁴⁵ IESBA, *Ethical Principles for Professional Accountants* (2021) pt 1.

²⁴⁶ CITN, *Tax Practitioners Conduct Guidelines* (2022) 12.

²⁴⁷ ICAN, *Code of Professional Conduct* (2020) para 6.3.

²⁴⁸ Chartered Institute of Taxation of Nigeria Act Cap C10 LFN 2004, s 15.

²⁴⁹ Federal Inland Revenue Service (Establishment) Act (2007, s 28(2)).

²⁵⁰ IESBA, *International Code of Ethics* (2021) s 120.

²⁵¹ CITN Act Cap C10 LFN 2004, s 1.

²⁵² CITN, *Code of Professional Conduct and Ethics* (2021) para 2.

²⁵³ ICAN, *Professional Ethics and Independence Standards* (2020).

²⁵⁴ IFAC, *Ethics Handbook for Accountants* (2021).

²⁵⁵ Nigerian Bar Association, *Rules of Professional Conduct for Legal Practitioners* (2023) r 15.

²⁵⁶ O Ume, 'Ethical Standards in Nigerian Tax Practice' (2022) 6 *CITN Journal of Tax Studies* 41.

²⁵⁷ OECD, *Aggressive Tax Planning and Ethics Report* (2021).

²⁵⁸ FIRS, *Tax Audit Compliance Report* (2023) 11.

²⁵⁹ Transparency International, *Corruption Risks in Tax Administration* (2023) 8.

²⁶⁰ CITN, *Professional Development Compliance Audit* (2022) 3.

²⁶¹ ICAN, *Conflict of Interest Guidelines* (2021) para 4.

²⁶² O Olanrewaju, 'Political Influence and Tax Administration Ethics in Nigeria' (2023) 8 *African Review of Public Finance* 21.

13.8. Professional Responsibility to Tax Authorities and Clients

Practitioners serve as intermediaries between taxpayers and tax authorities, and their ethical responsibilities must balance client advocacy with compliance with the law.²⁶³

Duty to Clients: The duty to clients involves providing competent, timely, and lawful advice. Practitioners must ensure that tax positions are defensible under current legislation and jurisprudence.²⁶⁴

Duty to the Tax Authorities: Practitioners must cooperate with the Federal Inland Revenue Service (FIRS), State Internal Revenue Services (SIRS), and other bodies by ensuring that filings and remittances are truthful and complete.²⁶⁵

Duty to the Public: Ethical tax practice requires professionals to promote public confidence in the fairness of the taxation system and contribute to national development.²⁶⁶

Disciplinary Framework and Enforcement Mechanisms

The CITN Act, section 15, establishes the Tax Practitioners Disciplinary Tribunal (TPDT) to investigate and sanction misconduct such as fraud, negligence, or conflict of interest.²⁶⁷ Penalties may include suspension, revocation of membership, or referral to law enforcement for criminal prosecution.²⁶⁸

In *CITN v Adebayo & Co (Tax Practitioners)*, the Tribunal suspended a member for two years for falsifying a client's tax clearance certificate, reinforcing the Institute's zero-tolerance stance toward ethical breaches.²⁶⁹

Technology, Digitalisation, and Ethical Responsibility

The increasing use of digital platforms such as the TaxPro-Max system by FIRS introduces new ethical considerations, including data privacy, cybersecurity, and digital integrity.²⁷⁰

Practitioners must ensure that client data transmitted electronically is safeguarded in compliance with the Nigeria Data Protection Act, while maintaining the confidentiality mandated by the CITN Code.²⁷¹

AI-based tax computation tools also raise ethical concerns regarding accountability, algorithmic bias, and the need for human oversight in professional judgment.²⁷²

Comparative Insights

United Kingdom: The Professional Conduct in Relation to Taxation (PCRT) issued by professional bodies such as ICAEW and CIOT outlines best practices for ethical tax behaviour, including the 'no misleading submissions' rule and the obligation to withdraw from engagements involving unlawful tax conduct.²⁷³

United States: The Internal Revenue Service (IRS) Circular 230 provides ethical standards for practitioners, requiring due diligence, truthfulness in submissions, and disallowing conflicts of interest in representation.²⁷⁴

Lessons for Nigeria: Nigeria can adopt a unified Professional Conduct in Taxation Regulation, combining principles from CITN, ICAN, and NBA codes to promote consistency and enforceability across the profession.²⁷⁵

The Role of Regulatory and Professional Bodies

Key regulatory and professional organisations responsible for ethical governance in tax practice include:

Chartered Institute of Taxation of Nigeria (CITN) – primary body regulating professional tax practice.²⁷⁶

Institute of Chartered Accountants of Nigeria (ICAN) – oversees ethical standards in accounting-related tax services.²⁷⁷

Federal Inland Revenue Service (FIRS) – ensures compliance through audits and enforcement actions.²⁷⁸

Nigerian Bar Association (NBA) – regulates lawyers engaged in tax litigation and advisory services.²⁷⁹

²⁶³ CITN, *Professional Responsibility Manual* (2023).

²⁶⁴ *ibid* 7.

²⁶⁵ FIRS, *Practitioner Cooperation Framework* (2022).

²⁶⁶ CITN, *Tax Practice and Public Confidence Report* (2022).

²⁶⁷ CITN Act, s 15.

²⁶⁸ *ibid* s 16.

²⁶⁹ *CITN v Adebayo & Co (Tax Practitioners)* (2021) TPDT Decision No 03/2021.

²⁷⁰ FIRS, *TaxPro-Max User and Compliance Guide* (2023).

²⁷¹ Nigeria Data Protection Act 2023, s 24.

²⁷² OECD, *Artificial Intelligence and Tax Administration Ethics Report* (2022) 14.

²⁷³ Chartered Institute of Taxation (UK), *Professional Conduct in Relation to Taxation (PCRT)* (2023) para 2.3.

²⁷⁴ Internal Revenue Service (IRS), *Circular 230: Regulations Governing Practice before the IRS* (2022) pt 10.

²⁷⁵ CITN and ICAN, *Joint Ethical Integration Policy Proposal* (2023).

²⁷⁶ CITN, *Professional Oversight Report* (2023).

²⁷⁷ ICAN, *Professional Accountability Framework* (2022).

²⁷⁸ FIRS, *Ethical Conduct Framework for Tax Administrators* (2023).

²⁷⁹ NBA, *Disciplinary Enforcement Guidelines* (2022).

These bodies collaborate to uphold integrity, discipline, and transparency within Nigeria's tax ecosystem.²⁸⁰

The Role of Regulatory Bodies and Technology in Tax Practice

Tax practice in Nigeria operates within a dynamic regulatory and technological framework designed to ensure compliance, accountability, and professional excellence. The effective coordination of regulatory bodies such as the Federal Inland Revenue Service (FIRS), Chartered Institute of Taxation of Nigeria (CITN), and State Internal Revenue Services (SIRS) with advancements in digital technology has transformed the landscape of tax administration and professional practice.²⁸¹ Technology now plays a central role in simplifying compliance, reducing corruption, and enhancing transparency in tax collection and reporting.²⁸² However, the intersection of regulation and technology also presents new ethical, legal, and operational challenges that demand strategic oversight and professional discipline.²⁸³

13.9. Regulatory Framework for Tax Practice in Nigeria

Federal Inland Revenue Service (FIRS): Established under the FIRS (Establishment) Act, the FIRS is Nigeria's foremost tax authority, responsible for assessing, collecting, and accounting for federal taxes, including Company Income Tax (CIT), VAT, and Petroleum Profit Tax (PPT).²⁸⁴ The FIRS also regulates professional interactions between tax practitioners and the Service, requiring registration, ethical compliance, and use of its TaxPro-Max e-filing system for all federal tax remittances.²⁸⁵

Joint Tax Board (JTB): The Joint Tax Board, established under section 86 of the Personal Income Tax Act (PITA), coordinates tax policy between the federal and state tax authorities.²⁸⁶ It harmonises personal income tax procedures, facilitates uniform tax identification, and promotes consistency in professional standards across Nigeria.²⁸⁷

State Internal Revenue Services (SIRS): Each state operates its own SIRS under section 85A of PITA (as amended). These bodies administer state-level taxes such as Personal Income Tax, Business Premises Levy, and Capital Gains Tax on individuals.²⁸⁸ SIRS play a vital role in enforcing ethical practice among tax consultants engaged in state contracts and ensuring compliance with statutory tax remittance schedules.²⁸⁹

Chartered Institute of Taxation of Nigeria (CITN): The CITN Act empowers CITN to regulate professional tax practice in Nigeria. It accredits practitioners, enforces ethical standards, and ensures continuous professional education.²⁹⁰ Membership of the CITN is a legal prerequisite for persons engaging in professional tax consultancy or advisory services under the Approved List of Tax Practitioners (ALTP) scheme.²⁹¹

Institute of Chartered Accountants of Nigeria (ICAN): This oversees accountants involved in taxation and financial reporting.²⁹²

Nigerian Bar Association (NBA): This regulates legal practitioners engaged in tax litigation.²⁹³

Financial Reporting Council (FRC): This ensures consistency between tax disclosures and financial statements.²⁹⁴

Inter-Agency Collaboration and Professional Oversight

Regulatory cooperation enhances efficiency and reduces duplication. In recent years, the FIRS, JTB, and CITN have entered memoranda of understanding (MoUs) on joint training, certification, and information sharing.²⁹⁵ This collaboration has led to the creation of the Joint Tax Practitioners Oversight Committee (JTPOC), which supervises compliance among licensed tax practitioners and enforces sanctions for misconduct.²⁹⁶ However, inter-agency rivalry and overlapping mandates remain challenges, particularly between federal and state authorities, often leading to multiple taxation and inconsistent enforcement practices.²⁹⁷

²⁸⁰ CITN, *Inter-Agency Collaboration on Professional Standards Report* (2023).

²⁸¹ Federal Inland Revenue Service (FIRS), *Annual Regulatory Impact Report* (2023) 2.

²⁸² CITN, *Digitalisation and Tax Practice in Nigeria* (2023) 5.

²⁸³ OECD, *Tax Administration 3.0: The Digital Transformation of Tax Administration* (2022).

²⁸⁴ Federal Inland Revenue Service (Establishment) Act 2007, s 8.

²⁸⁵ FIRS, *TaxPro-Max Operational Guidelines* (2022) 3.

²⁸⁶ Personal Income Tax Act (P8 LFN 2004), s 86.

²⁸⁷ Joint Tax Board, *Harmonisation of Tax Policies and Procedures Report* (2022).

²⁸⁸ Personal Income Tax (Amendment) Act 2011, s 85A.

²⁸⁹ Lagos State Internal Revenue Service (LIRS), *Practitioners Registration and Compliance Handbook* (2023).

²⁹⁰ CITN Act Cap C10 LFN 2004, s 1.

²⁹¹ CITN, *Approved List of Tax Practitioners (ALTP) Regulations* (2023) para 4.

²⁹² Institute of Chartered Accountants of Nigeria (ICAN), *Accountancy and Taxation Practice Standards* (2021).

²⁹³ Nigerian Bar Association (NBA), *Rules of Professional Conduct for Legal Practitioners* (2023) r 15.

²⁹⁴ Financial Reporting Council of Nigeria (FRCN), *Financial Reporting and Tax Alignment Guidelines* (2022).

²⁹⁵ CITN, *Joint MoU on Tax Practitioner Oversight with FIRS and JTB* (2022).

²⁹⁶ Joint Tax Practitioners Oversight Committee (JTPOC), *Operational Framework* (2023).

²⁹⁷ IMF, *Nigeria: Intergovernmental Fiscal Coordination Assessment* (2023) 7.

The Digitalisation of Tax Administration

Digital transformation has been the most profound regulatory reform in Nigerian tax practice. The adoption of TaxPro-Max and related platforms has automated processes of registration, filing, assessment, and payment.²⁹⁸

The TaxPro-Max Platform: Launched in 2021, TaxPro-Max integrates taxpayer registration, filing, and payment in a unified digital environment, reducing human discretion and opportunities for corruption.²⁹⁹ It also enables automatic generation of receipts, e-audit trails, and digital submission of supporting documentation, ensuring professional accountability.³⁰⁰

e-TCC and TIN Verification Systems: The Electronic Tax Clearance Certificate (e-TCC) system and the Tax Identification Number (TIN) portal, administered by the JTB, have simplified taxpayer verification and enhanced transparency in professional engagements.³⁰¹

State-Level Digital Initiatives: Several states including Lagos, Kaduna, and Rivers have introduced state tax management systems (STMS) to complement federal digitalisation efforts.³⁰²

Technology and Professional Accountability

Technology has improved compliance monitoring and accountability through: i) Digital Audit Trails FIRS can now trace every submission by practitioners, improving detection of fraud or misstatement;³⁰³ ii) Real-Time Filing reduces error margins and late remittances;³⁰⁴ iii) Automated Reporting Systems – enable cross-verification with bank records and financial statements.³⁰⁵ However, technology also introduces ethical risks such as data breaches, unauthorised access, and digital manipulation of records.³⁰⁶ Practitioners must therefore balance technological convenience with confidentiality and data protection duties.³⁰⁷

Data Protection and Cybersecurity in Tax Practice

Under the Nigeria Data Protection Act, tax practitioners and authorities are classified as data controllers and processors, responsible for safeguarding personal and corporate taxpayer information.³⁰⁸ Failure to implement adequate security measures attracts administrative penalties and disciplinary sanctions from both the Nigeria Data Protection Commission (NDPC) and professional bodies.³⁰⁹ In *FIRS v Tech Consult Ltd*, the Tax Appeal Tribunal (TAT) affirmed that a practitioner's unauthorised disclosure of taxpayer data constituted professional misconduct and a breach of data protection obligations.³¹⁰

Artificial Intelligence (AI) and Automation in Tax Practice

The integration of AI into tax analytics, compliance prediction, and audit selection is reshaping professional practice.³¹¹ AI tools such as predictive compliance systems and automated audit algorithms enhance efficiency but raise ethical questions about transparency and practitioner accountability.³¹² The CITN and FIRS are currently developing guidelines for the ethical use of AI in tax administration, ensuring that human oversight remains integral to decision-making.³¹³

Challenges in Regulatory and Technological Integration

Despite progress, several challenges persist, they include: fragmented databases between federal and state agencies,³¹⁴ low digital literacy among practitioners in rural areas,³¹⁵ inadequate cybersecurity infrastructure and

²⁹⁸ FIRS, *Tax Administration Digitalisation Report* (2023).

²⁹⁹ *ibid* 5.

³⁰⁰ FIRS, *TaxPro-Max User Manual* (2023).

³⁰¹ Joint Tax Board, *e-TCC and TIN Verification Report* (2023).sss.

³⁰² Lagos State Ministry of Finance, *State Tax Management System Implementation Report* (2022).

³⁰³ FIRS, *Digital Audit Framework* (2022).

³⁰⁴ *ibid* 6.

³⁰⁵ World Bank, *Nigeria Digital Governance Review* (2022) 11.

³⁰⁶ Nigeria Data Protection Commission (NDPC), *Cybersecurity Compliance Bulletin* (2023).

³⁰⁷ CITN, *Data Ethics in Tax Practice Policy* (2023) para 8.

³⁰⁸ Nigeria Data Protection Act 2023, s 2.

³⁰⁹ *ibid* s 30.

³¹⁰ *FIRS v Tech Consult Ltd* (2024) TAT/LZ/TT/018/2024.

³¹¹ OECD, *Artificial Intelligence in Tax Administration* (2023).

³¹² PwC Nigeria, *AI and the Future of Tax Advisory* (2023).

³¹³ CITN–FIRS, *Guidelines for Ethical AI in Tax Practice* (2024).

³¹⁴ IMF, *Digital Fiscal Integration Assessment: Nigeria* (2023).

³¹⁵ CITN, *Professional Capacity Report on Digital Tax Practice* (2023).

policy enforcement,³¹⁶ resistance to change among older professionals,³¹⁷ and regulatory duplication creating compliance fatigue.³¹⁸

Comparative Insights

United Kingdom: The UK's HM Revenue and Customs (HMRC) has achieved high levels of automation through the Making Tax Digital (MTD) initiative, which mandates digital recordkeeping and online filing for VAT and income tax.³¹⁹

South Africa: The South African Revenue Service (SARS) uses the eFiling and SARS MobiApp systems to promote transparency and accountability, offering a model for Nigeria's subnational tax agencies.³²⁰

Lessons for Nigeria: Nigeria must strengthen data integration, capacity building, and cybersecurity governance, aligning with global best practices to maintain a credible and technologically resilient tax system.³²¹

14. Summary of Key Findings

Professionalism in Tax Practice: Professionalism is the foundation of effective tax practice. It requires practitioners to uphold competence, integrity, and accountability, aligning with the ethical standards of the Chartered Institute of Taxation of Nigeria (CITN) and other international professional frameworks.³²² The study found that professional misconduct, corruption, and inadequate continuous training have eroded public trust in Nigeria's taxation system.³²³

Role of Tax Intermediaries: Tax intermediaries comprising accountants, lawyers, consultants, and auditors play a crucial role in compliance and taxpayer education. However, weak oversight and unregulated tax advisory markets have led to inconsistent professional quality and increased malpractice.³²⁴ A unified national registry of certified tax practitioners, managed jointly by CITN, ICAN, and FIRS, would improve standardisation and accountability.³²⁵

Sectoral Taxation: The analysis of sectoral taxation revealed persistent regulatory fragmentation: i) Marine and Aviation sectors suffer from overlapping federal and state levies;³²⁶ ii) Banking and Insurance sectors face duplicative tax reporting and inadequate policy alignment with CBN regulations;³²⁷ iii) Bankruptcy taxation exposes gaps in debt prioritisation and enforcement of pre-liquidation liabilities.³²⁸

Ethical and Professional Conduct: Ethical challenges such as collusion, underreporting, and conflict of interest remain prevalent among practitioners. The study emphasised that only strict enforcement of the CITN Code of Professional Conduct, combined with ethics-based training and public accountability, can restore integrity in tax practice.³²⁹

Role of Regulatory Bodies and Technology: Digitalisation through platforms like TaxPro-Max, e-TCC, and TIN verification systems has enhanced transparency, yet issues of data security, digital ethics, and cyber risk require further strengthening.³³⁰ Effective coordination between FIRS, JTB, and SIRS is vital to prevent multiple taxation and duplication of administrative responsibilities.³³¹

Theoretical and Policy Implications

The research confirms the applicability of Public Interest Theory and Professional Ethics Theory in explaining the dual responsibility of tax practitioners to serve both private clients and the public good.³³² Furthermore, the integration of technology into tax administration supports the Modernisation Theory of Fiscal Governance, where digital tools enhance efficiency and transparency in public finance management.³³³ These frameworks collectively

³¹⁶ NDPC, *Cyber Risk and Data Protection Enforcement Report* (2023).

³¹⁷ ICAN, *Digital Literacy and Change Management Report* (2022).

³¹⁸ Tax Justice Network Africa, *Nigeria Tax Policy Review Report* (2023) 10.

³¹⁹ HM Revenue and Customs (UK), *Making Tax Digital Policy Paper* (2023).

³²⁰ South African Revenue Service (SARS), *Annual Performance Report* (2022) 14.

³²¹ World Bank, *Best Practices in Tax Digitalisation for Emerging Economies* (2023).

³²² Chartered Institute of Taxation of Nigeria (CITN), *Code of Professional Conduct and Ethics* (2021).

³²³ Transparency International, *Nigeria Tax Integrity Survey* (2022) 9.

³²⁴ OECD, *Tax Intermediaries and Professional Standards Report* (2021).

³²⁵ CITN and ICAN, *Joint Practitioner Registry Policy Draft* (2023).

³²⁶ Nigerian Maritime Administration and Safety Agency (NIMASA), *Marine Taxation and Revenue Framework Report* (2023).

³²⁷ Central Bank of Nigeria (CBN), *Banking and Insurance Sector Tax Compliance Guidelines* (2022).

³²⁸ Bankruptcy Act (Cap B2 LFN 2004), s 33.

³²⁹ CITN, *Professional Ethics Enforcement Report* (2022).

³³⁰ FIRS, *TaxPro-Max Digital Integration Assessment* (2023).

³³¹ Joint Tax Board (JTB), *National Tax Coordination Framework* (2022).

³³² J E Stiglitz, *Economics of the Public Sector* (4th edn, Norton 2020).

³³³ IMF, *Fiscal Governance and Digital Transformation Report* (2023).

justify the need for a professionally ethical and technologically robust tax system as a pillar of fiscal sustainability and economic growth.³³⁴

Practical Challenges Identified

Regulatory Overlap between FIRS and State IRS leading to jurisdictional conflicts.³³⁵

Ethical Weakness inadequate sanctions for professional misconduct.³³⁶

Data Fragmentation lack of integration between tax and corporate databases.³³⁷

Digital Divide poor adoption of e-tax systems among small practitioners.³³⁸

Limited Research and Professional Development insufficient focus on tax ethics and AI governance in academic and professional training curricula.³³⁹

15. Conclusion and Recommendations

This study has explored the concept of professionalism in tax practice, focusing on the ethical, regulatory, and technological dimensions of taxation across critical sectors such as marine, aviation, banking, insurance, and bankruptcy. It has also analysed the roles of tax intermediaries, the challenges of ethical conduct, and the transformative impact of technology on Nigeria's tax administration. The findings underscore the importance of professionalism and inter-agency synergy in building a credible, transparent, and development-oriented tax system. This seminar paper concludes that professionalism in tax practice is the cornerstone of fiscal integrity and sustainable national development. The combination of ethical professionalism, robust regulatory oversight, and technological innovation is essential to transforming Nigeria's tax administration into a transparent, accountable, and globally competitive system. While Nigeria has made progress through reforms such as the Finance Acts (2019–2023) and digitalisation of tax administration, the journey toward full professionalisation and ethical compliance is ongoing. Therefore, all stakeholders like government, practitioners, regulators, and academia must collaborate to build a taxation system grounded in trust, efficiency, and justice. Such a system will not only enhance revenue generation but also reinforce public confidence in the fairness and equity of Nigeria's fiscal governance. The following measures are necessary.

Legal and Institutional Reforms: The National Assembly should enact a Unified Tax Practice Regulation Act harmonising the mandates of CITN, ICAN, and FIRS, amend the FIRS (Establishment) Act to explicitly regulate digital compliance and practitioner accountability and establish a National Tax Ethics Council (NTEC) to standardise ethical codes and investigate professional misconduct.

Strengthening Professionalism: The regulatory bodies should make CITN membership compulsory for all individuals and firms offering tax services, institutionalise ethics and digital competency courses as part of mandatory Continuing Professional Education (CPE) and introduce a public practitioner rating system based on compliance history and disciplinary records.

Ethical Reinforcement: The regulatory bodies should implement strict sanctions for unethical conduct, including suspension and delisting of practitioners, promote ethical literacy campaigns for both tax officers and practitioners and encourage whistleblower protection in reporting tax-related corruption or malpractice.

Research and Capacity Building: Tax practitioners should strengthen collaboration between CITN, universities, and international institutions for tax ethics research, establish dedicated Tax Research and Ethics Centres within Nigerian universities and encourage policy-driven postgraduate research focusing on emerging areas like digital taxation, AI, and international fiscal law.

³³⁴ OECD, *Modernisation of Tax Administration Framework* (2022).

³³⁵ World Bank, *Nigeria Public Finance Management Review* (2022).

³³⁶ CITN, *Professional Discipline Case Review* (2023).

³³⁷ IMF, *Nigeria Data Integration and Fiscal Transparency Report* (2023).

³³⁸ ICAN, *Digital Skills Survey among Accountants and Tax Practitioners* (2022).

³³⁹ Nigerian Universities Commission (NUC), *Postgraduate Curriculum Review in Taxation and Fiscal Studies* (2023).