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GUIDELINES ON THE OBLIGATION OF TAXPAYERS TO DECLARE TAX PLANNING ARRANGEMENTS

1. Introduction

1.1 The Nigeria Tax Administration Act, 2025 (“NTAA 2025”) imposes a statutory obligation on taxpayers to disclose to the relevant tax authority any tax planning arrangement, scheme, structure, or transaction that has the purpose or effect of obtaining a tax benefit.

1.2 As the relevant tax authority for taxes collectible by the Lagos State Government, the Lagos State Internal Revenue Service (“LIRS”) issues these Guidelines to clarify taxpayers’ obligations regarding the disclosure of tax planning arrangements involving:

- Personal Income Tax (PIT);
- Capital Gains Tax (CGT);
- Stamp Duties (on instruments involving individuals);
- Withholding Tax (WHT) on payments due to or from individuals or sole proprietors; and
- Any other tax administered by LIRS

1.3 These Guidelines take effect from 1st January 2026 and apply to all taxable persons, employers, agents, and intermediaries.

2. Scope of the Disclosure Obligation

2.1 A “tax planning arrangement” for the purpose of Section 30 includes any action, transaction, structure, or series of steps designed, marketed, or implemented to obtain a tax advantage or reduce a tax liability in respect of any tax administered by LIRS.

2.2 Taxpayers must disclose arrangements that:

- a. Are artificial or contrived for the primary purpose of obtaining a tax benefit;
- b. Exploit loopholes or technical defects in tax laws to reduce liability;
- c. Shift income, profits, assets, or liabilities to jurisdictions or persons in a manner inconsistent with economic substance;
- d. Involve non-arm’s-length dealings between related parties.
- e. Convert taxable income into non-taxable income;
- f. Defer or accelerate income or gains primarily to obtain a tax advantage.

2.3 Where an arrangement is already required to be disclosed under any other reporting regime (e.g., Common Reporting Standards, Anti-Money Laundering rules, or regulatory filings), such disclosure does not exempt the taxpayer from also complying with Section 30.

3. Persons Required to Disclose

3.1 All taxable residents of Lagos State, including but not limited to the following required to disclose tax planning arrangements to LIRS:

- a. Individuals who are tax-resident in Lagos State;
- b. Employers and business owners including partnerships, sole proprietorships, and unincorporated bodies;

Lagos State Internal Revenue Service

Lagos Revenue House, Assbifi Road, Central Business District, Ikeja, Lagos State

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- a. Tax agents, lawyers, consultants, accountants, advisers, promoters, and intermediaries who design, market, or facilitate implementation of a tax planning arrangement;
- b. Any person who derives income, gains, or taxable receipts subject to taxation in Lagos State.

3.2 Where more than one person is involved in a scheme, the duty to disclose applies to **each person independently**, unless evidence of prior disclosure by another party is provided.

4. Timing and Manner of Disclosure

4.1 A reportable arrangement must be disclosed to LIRS **within 30 days** of:

- a. date the arrangement is implemented,
- b. date the taxpayer becomes aware of the arrangement, or
- c. date any transactional document or instrument is executed (for stamp-related matters), whichever occurs first.

4.2 Disclosures must be filed through:

- i. The LIRS e-tax Portal (www.etax.lirs.net), or
- ii. A formal written submission addressed to the Executive Chairman, LIRS.

4.3 The disclosure must include at least the following information:

- a. Full details of the taxpayer(s) involved;
- b. Nature and purpose of the arrangement;
- c. Steps in the transaction and relevant timelines;
- d. Expected or actual tax benefit;
- e. Legislative provisions relied upon;
- f. Identity of advisers, promoters, and intermediaries;
- g. Supporting documents (agreements, computations, valuations, etc.).

4.4 Acknowledgment of disclosure **does not** constitute approval or acceptance by LIRS.

5. Safe-Harbour and Non-Reportable Arrangements

5.1 The following do not require disclosure:

- a. Routine commercial transactions with genuine economic substance;
- b. Tax planning expressly provided for under law (e.g., statutory exemptions, tax credits);
- c. Transactions fully compliant with arm's-length standards where documentation exists;
- d. Internal reorganizations with no tax-avoidance motive and no change in beneficial ownership.

6. Penalties for Non-Compliance

6.1 A taxpayer who fails to disclose a reportable tax planning arrangement commits an offence under Section 127 of NTAA 2025.

6.2 Penalties include:

- a. Administrative penalty of up to ₦1,000,000;
- b. Assessment of additional tax, interest, and surcharge;
- c. Or on conviction, to imprisonment for a term not exceeding three years, or to a fine or both.

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6.3 Promoters and intermediaries who fail to disclose may also face professional sanctions.

7. Confidentiality and Use of Information

7.1 Disclosures will be treated as confidential in line with Section 142 of NTAA 2025 and applicable data-protection laws.

7.2 Information may be used for audits, risk assessment, enforcement, and inter-agency cooperation as permitted by law.

8. Enquiries

The office of the **Executive Chairman LIRS**, Revenue House, Assbifi Road, Alausa, Ikeja Lagos
or
visit www.lirs.gov.ng or email: info@lirs.gov.ng or call **0700-CALL-LIRS (0700 2255 5477)**

Signed

Ayodele Subair
Executive Chairman, LIRS
Date: 21/ 01/ 26