



## PUBLIC NOTICE

Ref: LIRS/003/01/2026

### POWER OF SUBSTITUTION PURSUANT TO SECTION 60 OF THE NIGERIA TAX ADMINISTRATION ACT, 2025

Lagos State Internal Revenue Service (LIRS) issues this Public Notice to inform the general public, particularly employers, financial institutions, business operators and tax agents, of the provisions of Section 60 of the Nigeria Tax Administration Act, 2025 (NTAA 2025) relating to the Power of Substitution vested in the relevant tax authority.

#### Background

The NTAA 2025 empowers the Lagos State Internal Revenue Service to direct any person holding money on behalf of, or owing money to, a taxpayer who has failed to pay an established final tax liability when due, to remit such money to the Service in settlement (or partial settlement) of the outstanding tax.

The Power of Substitution is a lawful collection mechanism designed to ensure efficient recovery of unpaid taxes, including Personal Income Tax (PIT), Capital Gains Tax (CGT), Stamp Duties and Withholding Tax (WHT) administered by LIRS.

This Public Notice clarifies the circumstances, procedure, and obligations associated with the exercise of this statutory power.

#### Legal Basis

Section 60, Nigeria Tax Administration Act, 2025.

#### Implication

Where a taxpayer fails, neglects or refuses to settle any established outstanding tax liability when due, LIRS may exercise its power under Section 60 to direct any of the following persons to pay the amount owed by the taxpayer:

1. Banks and other financial institutions
2. Employers
3. Tenants, debtors, or customers of the taxpayer
4. Agents, business partners, and any person holding money on behalf of the taxpayer
5. Any person owing money to the taxpayer, whether presently due or accruing

Once a substitution notice is issued, the person served is statutorily required to remit to LIRS the amount specified in the notice from funds belonging to, or payable to, the defaulting taxpayer.

The tax liability is deemed paid to the extent of the remittance made pursuant to the substitution.

Failure to comply with such directive constitutes an offence under the Act.

#### Compliance Requirements

##### 1. Obligations of Banks and Financial Institutions

Upon receipt of a substitution notice, all banks and financial institutions are required to:

- Remit the stated amount to LIRS without delay;
- Provide confirmation of compliance through the LIRS e-Tax platform: [www.etax.lirs.net](http://www.etax.lirs.net)

Banks are also required to report the taxpayer's available balances and any encumbrances as may be requested

#### Lagos State Internal Revenue Service

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

[www.lirs.gov.ng](http://www.lirs.gov.ng) | 0700 2255 5477 | [info@lirs.net](mailto:info@lirs.net)

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### 2. Obligations of Employers, Agents and Other Persons

Any employer, agent, tenant, partner or debtor served with a substitution notice must:

- Withhold the amount stated in the notice from funds due to the taxpayer;
- Remit same to LIRS within the time stated in the notice;
- Provide evidence of compliance in the format prescribed by LIRS.

Where the person served does not hold or owe any money to the taxpayer, such person must notify LIRS in writing within the period specified.

**NOTE: The appointed person may object in writing to the assessment within 30 days of receiving same, stating specific grounds for the objection. The provisions of the law with regards to appeals shall also apply to these notices. given under this section as if such notice were an assessment or demand notice.**

### 3. Continued Liability of the Taxpayer

The taxpayer remains liable for any unpaid balance not recovered under the substitution. Thus, taxpayers are advised to settle all outstanding tax assessments promptly to avoid enforcement actions.

### 4. Penalties for Non-Compliance

Any person who fails to comply with a substitution directive issued under Section 60 shall be liable to:

The amount specified in the notice as though it were their own original tax liability;  
Additional interests and penalties for non-compliance;  
Any enforcement measures permitted under NTAA 2025, including but not limited to distraint.

Further failure may result in prosecution.

### 5. Enquiries

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

**Signed**

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