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Friday, February 6, 2026

Hamzat Ayodele Subair
The Chairman,
Lagos State Internal Revenue Service
Lagos Revenue House, Assbifi Road,
Central Business District, Alausa,
Ikeja, Lagos.
Nigeria

Dear Mr. Chairman

OPEN LETTER: RE: LIRS PUBLIC NOTICE ON POWER OF SUBSTITUTION UNDER THE NIGERIA TAX ADMINISTRATION ACT 2025.

I write in respect of the recent public notice issued by the Lagos Internal Revenue Service (LIRS), emphasizing its powers of substitution under the Nigeria Tax Administration Act (NTAA) 2025, which notice has, understandably, unsettled many taxpayers.

While not new, it is striking that LIRS has chosen to highlight this coercive enforcement mechanism as one of the earliest public signals under the new tax regime. At a time when public confidence in the NTAA remains fragile, particularly following the confusion caused by multiple versions of the legislation in circulation, this approach sends the wrong message.

Regulatory transitions succeed when communication and trust-building are prioritised. In my opinion, leading with this notice portrays an unnecessarily adversarial posture that risks deepening suspicion rather than fostering the desired goodwill and voluntary compliance.

Beyond this, two key issues stand out:

1. **Characterization of Objection and Appeal Rights**:

The LIRS public notice is unclear in this regard and may convey the impression that the rights to object to, and to appeal substitution notices, relate solely to the agent that is appointed by the tax authority. However, Section 60 of the NTAA 2025 expressly provides that substitution notices are to be treated as assessments or demand notices for the purposes of objections and appeals. The implication is that until the underlying tax liability becomes final and

conclusive, taxpayers themselves remain fully entitled to be notified of, to object to, and to appeal any substitution notice issued to any proposed agent in respect of them. Consequently, Taxpayers must be served with copies of all substitution notices; the proposed agents, such as banks, must be informed of any pending objections or appeals; and the pendency of an objection or appeal suspends the effectiveness of the substitution notice until the dispute resolution process is concluded. These due process safeguards are critical to secure citizens property rights, shield taxpayers from predatory behavior and protect proposed agents from undue legal liability.

2. Absence of Clear Implementation Guidelines:

The exercise of the power of substitution cannot be left to broad statutory language alone. There are currently no publicly available implementation guidelines outlining the procedural steps, safeguards, and limits governing its use. This gap creates uncertainty for taxpayers and Third parties, including financial institutions, who may find themselves appointed as agents of the taxpayer by the tax authority. Where regulated entities are involved, regulatory coordination is imperative. Any guideline affecting banks, for example, ought to be developed in collaboration with the Central Bank of Nigeria to avoid conflicting obligations and unintended negative consequences.

In conclusion, if the objective of the NTAA 2025 is improved compliance and a more effective tax system, then regulatory communications must inspire confidence. The power of substitution while valid, is a profound and far-reaching enforcement tool, that must be treated with the seriousness and care it deserves. Its deployment demands clarity, appropriate restraint, and strict adherence to due process. A premature rush to emphasize such enforcement tools may undermine trust-building efforts and prove counterproductive.

Thank you for your attention.



Funso Doherty

Cc: The Hon. Attorney – General, Lagos State, **Mr. Lawal Pedro, SAN.**