



Bi-monthly Newsletter

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Issue 1

About Blue Beacon

Welcome to Blue Beacon!

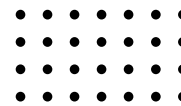
Blue Beacon is a bimonthly newsletter publication of Advocacy for Policy and Innovation (API).

In this issue, we bring you a roundup of regulatory and policy activities in Nigeria's Digital Economy and Innovation space, since the beginning of the year. This issue features a deep dive into key areas that will likely shape the digital landscape in the coming months, based on trends from 2024. We highlight key areas to watch based on insights from the API policy tracker. These include taxation, digital identity, data governance and online harms protection. This issue also includes a roundup of policy instruments currently being tracked by API.

Main Topics

- **Tax Reform Bills and their Implications**
- **Digital Identity Drive and Potential Legislation**
- **Data Governance and the recent NDPC Court Case**
- **Telecoms Tariff Adjustments and Economic Impact**
- **Online Harms Protection Bill Whitepaper**
- **Technology Sector Investments: Digital Trade Desk**





THE CBN ACCOUNTED FOR OVER 50% OF ANY AGENCY'S INSTRUMENTS, GUIDELINES, OR POLICIES IN 2024

Insights from API Policy and Intelligence tracking suggest that 2024 was characterised by regulatory uncertainty. From CBN fiscal changes to shifting compliance requirements regarding data protection, compliance teams and risk managers faced an abruptly evolving digital economy landscape that required rapid adaptation. These developments from 2024 indicate some key issues that are likely to shape 2025:

FISCAL POLICIES AND TAX ADMINISTRATION

According to API regulatory tracking data from 2024, the CBN accounted for over 50% of any agency's instruments, guidelines, or policies that year. While events are still unfolding in 2025, the existence of root causes—such as supply-side issues, dependency on a single commodity, depleted foreign exchange reserves, and Nigeria's efforts to exit the Financial Action Task Force (FATF) grey list—which necessitated much of the CBN's interventions in 2024, suggests that the monetary and fiscal landscape in 2025

may not differ significantly from the core issues of 2024. However, there may be substantial changes regarding tax administration due to the following:



THE TAX REFORM BILLS

In 2024, four tax reform bills (the Nigeria Tax Bill, the Nigeria Tax Administration Bill, the Nigeria Revenue Service Establishment Bill, and the Joint Revenue Board Establishment Bill) were transmitted to the National Assembly by President Bola Ahmed Tinubu. These bills underscore efforts to simplify and consolidate multiple tax laws into a single legislation, introduce tax adjustments by providing income tax relief, and revise the VAT sharing formula for a more equitable revenue distribution. The bills also seek to establish new measures for effective tax administration and compliance through:

- The Nigeria Revenue Service (NRS): To improve tax administration, the Federal Inland Revenue Service (FIRS) will be replaced by the NRS.
- Digital Taxation: The bill aims to introduce digital taxation to enhance collection from digital companies.
- Increased Compliance: Implement measures to bolster tax compliance and transparency.
- Administration and Enforcement: Specify clear procedures for tax administration and enforcement enforcement.
- It also provides precise dispute resolution mechanisms.

The bill has [scaled second reading](#) in spite of some opposition, mainly from the Association of Northern State Governors and the NESG.



The Tax Reform Bills: Key Issues

Tax Rates

The tax bills have introduced substantial changes to Nigeria's tax structure. The bills propose that: Corporate taxes will decrease from 27.5% to 25% from 2026 onwards, and small businesses will enjoy tax exemptions. Value-Added Tax (VAT) will gradually increase from 10% in 2025 to 12.5% in 2026-2029 and 15% from 2030. Personal income tax will be levied progressively, with higher earners facing a top rate of 25% for incomes exceeding N50,000,000.00. Additionally, excise duties of 5% will be imposed on telecommunications and gaming services, while stamp duties will apply to various financial transactions ranging from 0.008% to N500. However, some revisions were made to the earlier proposals in a [communiqué](#) issued by the tax reform committee on 17th January 2025. The committee agreed that:

- Corporate taxes will decrease from 27.5% to 25% from 2026 onwards, and small businesses will enjoy tax exemptions.
- The VAT-sharing formula will be 50%, 30%, and 20% based on equality, derivation, and population, respectively.
- There should be no VAT rate increment or reduction in corporate taxes.
- Contrary to what was proposed in the bill earlier, there should be no terminal clause for TETFUND, NASENI, and NITDA to share development levies.

Significant Economic Presence

According to the bill, a non-resident company is subject to Nigerian taxes if it has a substantial economic presence (SEP). This occurs when the company maintains a physical presence, conducts business through an agent, stores goods executes projects, or provides services within Nigeria.

Export-Free Zones

The bill increases the tax threshold for Export-Free Zone Entities within the customs area. Entities exceeding 25% of domestic sales will lose these benefits and become fully taxable. While FTZ entities directly benefit from these changes, indirect tax changes may impact their operations.

Priority Areas for Incentives

The bill introduces an Economic Development Incentive Certificate (EDIC) for companies in priority sectors like ICT and transportation. Businesses in these sectors can apply for tax credits to offset taxes on profits from priority products or services. This is intended to stimulate economic growth and attract foreign investment. Large companies will have a minimum effective tax rate of 15% to ensure fair taxation. Priority companies can benefit from these tax incentives for up to five years from the start of their production activities.

Tax ID to Open Bank Accounts

The bill mandates using Tax ID for financial services.

THESE PROPOSALS, IN ADDITION TO NITDA’S COMPLEMENTARY EFFORTS AROUND E-INVOICING IN NIGERIA INDICATE INTEREST IN DIGITISING TAX ADMINISTRATION WHICH MAY BECOME A FEATURE OF TAX COMPLIANCE REQUIREMENTS IN THE NEAR FUTURE

Insights from API Policy and Intelligence tracking suggest that 2024 was characterised by regulatory uncertainty. From CBN fiscal changes to shifting compliance requirements regarding data protection, compliance teams and risk managers faced an abruptly evolving digital economy landscape that required rapid adaptation. These developments from 2024 indicate some key issues that are likely to shape 2025:

DIGITAL IDENTITY

Another area poised to dominate the year is the drive towards digital IDs. Following the [approval of an extension of the World Bank-funded Digital Identification for Development \(ID4D\) project](#) (which now ends in 2026), there is likely to be renewed efforts to meet the target for issuing National Identity Numbers, reviewed upwards from 148 million Nigerians when the ID4D project was initially launched, to 180 million Nigerians. This may also mean renewed efforts towards introducing the National Identity Management Commission (NIMC) Amendment Bill—a process that had begun and which [the agency had hinted at](#) by mid-2024.

The bill seeks to

- Create a harmonised national identity database.
- Strengthen the legal framework for the identity management system.
- Expand the criteria for registrable persons.
- Create new provisions for identifiers.
- Ensure all identity management systems are harmonised.
- License agents to carry out authentication on behalf of the NIMC.

WHILE TRACKING TO UNDERSTAND CURRENT DEVELOPMENTS, WE ANTICIPATE POTENTIAL OVERLAPS BETWEEN THE NIMC BILL AND THE NEW TAX BILL. THE NIMC BILL CALLS FOR ID UNIFICATION, WHEREAS THE TAX BILL INTRODUCES TAX IDS TO TRACK COMPLIANCE.

DATA GOVERNANCE

The effort towards enhancing digital IDs will likely reinforce the need for compliance with best practices in data governance. Considering [plans to train 5,000 data protection professionals](#) and against the recent [Frank Ijege vs. Nigeria Data Protection Commission \(NDPC\)](#) case, the evolving issues in Nigeria’s data protection landscape suggest concern for enhancing data governance requirements.

Summary of the Frank Ijege Vs NDPC Case



- Frank Ijege sued the NDPC for its guidance notice requirement, which he claimed interfered with his right to privacy.
- The NDPC Guidance Notice requires Data Controllers and Data Processors of Major Importance (DPMI) to register with the Commission based on classification in three categories
- A Federal High Court in Kaduna adjudicated that specific provisions of the Guidance Note were invalid. It issued a perpetual injunction preventing the NDPC from enforcing registration without first providing explicit exemptions.
- Additionally, the NDPC was mandated to clarify the criteria for exempted entities and to prescribe those not deemed of major importance.

The Nigeria Communications Commission (NCC) recently [approved increased tariff rates and charges](#) by network operators. The agency has capped the adjustment at a maximum of 50% despite operators' requests for a 100% tariff increment. The potential effects of the increase are likely to impact businesses and the Nigerian economy in the coming months:

- The increase in tariffs is expected to raise the running cost of service-based online companies, which will invariably increase service costs, ultimately borne by the consumer.
- On the other hand, a recent [report](#) by the Global System for Mobile Communications Association (GSMA) and [data](#) from the International Telecommunication Union (ITU) indicate that Nigeria has one of the lowest mobile data rates globally, averaging \$0.38 per gigabyte. In a sector that was Nigeria's third-largest GDP contributor in Q2 2024, a tariff hike may mean increased GDP contributions.
- Before the tariff adjustment, there were indications of slowed infrastructural investments and plans to implement shedding and network rationing due to profitability issues. [Reports](#) highlighted an 87% decline in foreign investments in the telecoms sector in Q3 2024. The approved tariff increment may momentarily halt these plans, bolster investments, and support the delivery of uninterrupted network services.





Online Harms Protection (OHP)

We also anticipate deepened efforts toward ensuring a safer online space for citizens, including children.

- In 2023, the National Information Technology Development Agency (NITDA) approved a partnership with Advocacy for Policy and Innovation (API) to develop a bill protecting Nigerians from online harms.
- A steering team comprising government, private sector, and civil society representatives relevant to online harms and digital rights was formed to prioritise a people-led approach.
- A secretariat to support the Steering team in developing a framework for the bill was also formed.
- The ensuing engagement process led to critical considerations about the unsuitability
- of current frameworks and regulations impacting OHP in Nigeria and the escalating levels of unaddressed online harms. These underscored the need to develop an OHP framework, culminating in the release of a [whitepaper on the Framework for an Online Harm Protection Bill in Nigeria](#), published by the OHP Secretariat in collaboration with NITDA in December 2024.

OHP: NEXT STEPS

The Secretariat is collating feedback on the white paper, which has been made accessible to the general public via the [API website](#). In the coming weeks, an online workshop on the key issues surrounding OHP and the proposed framework will be held. You may send your feedback to ohpwhitepaper.secretariat@apiintelligence.org and look out for the open invitation call to the upcoming session.

OHP Whitepaper: Key Issues

Duty of Care

The white paper advocates a duty of care approach to the relationship between platforms and users. It ensures that internet service providers, social media platforms, search engines, and other online intermediaries must take reasonable measures to avoid harming users through content transmitted or stored on their platforms.

Co-regulatory Mechanism

The document advocates for a co-regulatory mechanism in developing a framework or bill for tackling online harms. This multi-stakeholder approach involving government, platforms, civil society, and the public will ensure that all relevant perspectives are represented in a co-owned bill process.

Coordination Centre

The white paper calls for a coordination centre. As multiple agencies oversee Nigeria's digital landscape, acting in cases of OHP requires a specific centre with the capacity for ongoing research engagement and defined sanction powers as harms evolve.

TELECOMS TARIFF ADJUSTMENT

The Federal Government has inaugurated the Technology Export and Digital Trade Desk, an initiative to attract more investments into the country's tech sector and boost annual funding for Nigerian startups to \$5 billion. The initiative is a collaborative effort between the Ministry of Communication and the Federal Ministry of Industry, Trade, and Investment. The trade desk allows startups in the digital space to engage widely and access funding.



API Policy/Instrument Tracker - I



S/N	Policy/Instruments	Key Issues	Status
1	Nigerian Investment Promotion Commission Act (Amendment) Bill, 2025 HB. 2040	To amend the Nigerian Investment Promotion Commission Act, Cap N117, Laws of the Federation of Nigeria, 2004, by substituting the existing section 19 with a new section 19 and inserting a second schedule after paragraph 5.	First Reading
2	Control of Usage of Artificial Intelligence Technology in Nigeria Bill, 2023 (HB.938)	To regulate the use of AI technology in Nigeria to ensure ethical practices, safeguard rights, safety, and well-being of individuals and society, and harmonise legal rules on AI transactions across national boundaries.	Passed Second Reading
3	Artificial Intelligence Management and Finance Institute (AIMFIN) (Establishment) Bill HB. 2063	To establish an AI Management and Finance Institute to encourage the advancement of education in AI Management and Finance Studies.	First Reading
4	Nigeria Tax Bills	To simplify tax administration by consolidating multiple tax laws into a single, simplified legislation.	Passed Second Reading
5	National Broadcasting Commission (Amendment) Bill, 2025 HB. 2039	To amend the Nigeria Investment Promotion Commission Act to encourage and promote investments in Nigeria.	First Reading
6	Freedom of Information Act (Amendment) Bill, 2025. (HB.2048)	Outlines penalties for failure to comply with the Act	First Reading

API Policy/Instrument Tracker - II




S/N	Policy/Instruments	Key Issues	Status
7	Advance Fee Fraud and other Related Offenses Act (Amendment) Bill, 2025 HB. 2042	To amend the Advance Fee Fraud and other Related Offenses Act	First Reading
8	Child Online Protection (COP) Policy	Aims to address challenges and threats related to child online safety through strategies that support a structure for coordinated action for COP.	Published Draft
9	National AI Strategy	Serves as a blueprint for Nigeria to adequately position and maximise the benefits of AI.	Published Draft
10	Regulatory Guidelines for Electronic Invoicing in Nigeria	To boost transparency, improve automation and support tax collection efficiency.	Published Draft

About API

Advocacy for Policy and Innovation (API) helps compliance teams, investors, and a cross-section of innovation ecosystem actors understand and maximise opportunities and mitigate risks arising from developing and implementing policies and regulations. We bridge the communication asymmetry between policymakers and relevant stakeholders, providing a feedback loop that aids meaningful engagement between government and industry actors.

API monitors, analyses, and identifies policies in real-time, starting from their early development stages. We aim to provide recommendations for potential situational interventions, helping stakeholders engage effectively and significantly reduce policy and regulatory risks.

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