T & A LEGAL

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June 2025 Policy Trail

Reshaping Governance, Infrastructure & Tax In Nigeria's Reform Era

Introduction

June 2025 marked a significant inflection point in Nigeria's reform journey. From the operational rollout of transformative tax laws to far-reaching reforms in public-private partnership approvals, constitutional restructuring, urban housing policy, and investor protection, the government continued its bold recalibration of state capacity and economic participation.

The month's developments signal a deliberate shift toward fiscal decentralisation, infrastructure acceleration, urban modernisation, and responsive regulation. This edition of the Policy Trend Trail outlines the most consequential reforms of June 2025 and their implications for citizens, businesses, and public institutions alike.

Tax Reform Laws

On June 26, 2025, President Bola Ahmed Tinubu signed into law four major tax reform laws, which are ***the Nigeria Tax Act, Nigeria Tax Administration Act, Nigeria Revenue Service (Establishment) Act***, and the Joint Revenue Board (Establishment) Act. Set to become effective on January 1, 2026, these laws represent an overhaul of the country's tax regime, intended to reduce administrative bottlenecks, simplify the country's tax system, and ease the burden of compliance for taxpayers.

Key provisions under the Nigeria Tax Act include the exemption of individuals earning up to ₦800,000.00 annually from personal income tax, an increase in the compensation exemption threshold from ₦10 Million to ₦50 Million, the consolidation of multiple levies into a single development levy, and the introduction of a 15% minimum effective tax rate for large companies. The Act also expands the list of zero-rated goods and services under VAT, thereby allowing for the recovery of input VAT.

The *Nigeria Tax Administration Act* establishes a uniform framework for tax administration across federal, state, and local levels. It also revises the VAT allocation formula to account for the place of consumption and mandates the use of electronic invoicing by businesses. The *Nigeria Revenue Service (Establishment) Act* replaces the Federal Inland Revenue Service with the Nigeria Revenue Service, which now has a broader mandate and greater operational independence to collect both tax and non-tax revenues. The *Joint Revenue Board (Establishment) Act* creates a central body to coordinate tax policy and enforcement among the different tiers of government. It also introduces a Tax Ombudsman and Tax Appeal Tribunal to streamline dispute resolution and improve the taxpayer experience.

Collectively, these laws signal a major shift toward a more unified, modern, and equitable tax system in Nigeria. With the laws set to take effect in January 2026, taxpayers are encouraged to familiarise themselves with the new provisions, assess their tax positions, and prepare for the incoming tax regime.

Infrastructure Reform: Decentralisation of Public-Private Approval Process for MDAs

In a landmark policy shift, the President approved a far-reaching reform of Nigeria's Public-Private Partnership (PPP) framework, decentralising the approval process for infrastructure projects and unlocking new pathways for service delivery and private sector engagement.

Under the new directive, government ministries can now independently approve PPP projects valued up to ₦20 Billion, while agencies and parastatals may approve projects up to ₦10 Billion through their internal project approval boards. This decentralisation is conditional upon full private financing and strict compliance with the Infrastructure Concession Regulatory Commission (ICRC) guidelines and certification processes.

Previously, all PPP projects, regardless of size required Federal Executive Council (FEC) approval, a centralised bottleneck that delayed implementation and discouraged modest yet impactful investments. The new regime eliminates that hurdle, streamlining approvals and accelerating infrastructure delivery across sectors.

This policy shift has far-reaching implications. It enables faster execution of mid-scale projects such as health centres, rural electrification schemes, housing initiatives, schools, and water supply systems, particularly in under-served and semi-urban areas where project values often fall below ₦20 Billion. It also opens the door for broader private sector participation, especially from SMEs, development financiers, engineering firms, and local contractors previously sidelined by bureaucratic inertia.

However, the decentralisation also calls for strengthened regulatory oversight. As approval thresholds rise at the MDA and parastatal levels, the integrity of PPP processes will hinge on rigorous due diligence, transparency of funding sources, credible investor profiling, and strong monitoring and evaluation mechanisms. Without this, the reform risks being exploited for inflated contracts, politically motivated project approvals and misappropriation of funds

Ultimately, this reform aligns with the administration's broader goals of deepening private participation in public services, reducing the fiscal burden on government, and building a faster and more accountable infrastructure delivery ecosystem.

Urban Development Policy: A New Blueprint for Smarter and Inclusive Cities

In June 2025, the Federal Executive Council approved the Revised National Urban Development Policy (2025–2035). The policy introduces a transformative 10-year roadmap for building better-organised, greener, more inclusive, and more functional cities. It redefines how urban Nigeria should grow, aiming to reduce chaos, expand access to housing and services, and embed sustainability into infrastructure planning.

Key policy pillars include:

i) Metropolitan Planning Authorities: Fast-growing cities like Lagos, Abuja, and Port Harcourt will now be governed through regional commissions that coordinate across multiple Local Government Areas (LGAs). This shift will allow for better-integrated planning, service delivery, and infrastructure investment across urban clusters, not fragmented jurisdictions.

ii) 15-Minute Cities: The policy promotes the concept of "15-minute cities", where residents can access jobs, schools, clinics, and shops within a short walk or commute, improving quality of life and reducing transport dependency.

iii) Green and Climate-Resilient Urbanism: Urban areas are now required to integrate climate-smart features such as renewable energy systems, flood mitigation, green spaces, and spatial equity in land use. The aim is to reduce pollution, manage environmental risk, and build cities that are both resilient and liveable.

iv) Inclusion and Accessibility: Urban planning must now deliberately include low-income earners, informal workers, women, youth, and persons with disabilities ensuring that no group is excluded from housing access or city infrastructure.

vi) Stronger PPP Participation in Urban Infrastructure: The policy explicitly encourages public-private partnerships in housing, roads, drainage, fibre-optic broadband, and solid waste management, creating opportunities for private capital to co-deliver essential services in a structured and transparent way.

The Revised Urban Policy present a holistic vision of building cities that are inclusive, service-driven, climate-smart, and equipped to support Nigeria's rapid urbanisation. For investors, developers and infrastructure professionals, the new policy opens up a range of incentives and planning clarity. However, success will depend on how well metropolitan authorities are established, how land reforms are implemented, and whether urban PPPs are structured transparently. If properly executed, this reform could mark the beginning of a more liveable and economically inclusive urban future.

Constitutional Reforms

Nigeria's ongoing constitutional review process reached a new milestone in June 2025, as public hearings were held across the country's six geopolitical zones. Organised by the Senate and House of Representatives Committees on Constitution Review, these hearings marked the beginning of a broader national dialogue, moving the reform process beyond the legislature into public discourse. The consultations signalled growing consensus around the need to modernise the 1999 Constitution to reflect evolving political, economic, and demographic realities.

Among the proposals attracting the most attention is the creation of state police and security councils, intended to address Nigeria's rising internal security challenges and reduce dependence on centrally controlled policing. Closely tied to this is the push for greater devolution of powers from the Exclusive to the Concurrent Legislative List, particularly over labour, the national minimum wage, and inland waterways. This shift would allow states more legislative flexibility, enabling them to respond to local realities in employment regulation and infrastructure development.

However, the proposal to remove the minimum wage from federal control has sparked intense backlash from organised labour. On July 5, the Nigeria Labour Congress (NLC) condemned what it described as a "plot" by the National Assembly to erode national wage standards. Labour unions argue that decentralising wage regulation could expose workers to wide disparities, given the inconsistent fiscal capacity and commitment of state governments. For labour advocates, the minimum wage must remain a national safety net, especially in a country where salary defaults by states remain common.

The constitutional review process is also addressing structural governance issues. Proposals to create 18 additional Local Government Areas aim to improve administrative efficiency and grassroots representation in underserved areas. Another reform under discussion is the constitutional recognition of traditional institutions, which play an informal but influential role in local governance, conflict resolution, and cultural preservation. While the recognition would not grant executive powers, it signals a desire to formalise their place within Nigeria's governance architecture.

Political inclusivity is also central to the reforms, with growing support for the inclusion of independent candidacy and diaspora voting. These reforms are aimed at opening the political space to a broader range of Nigerians, particularly those outside dominant party structures or living abroad. Similarly, there is a renewed push for mandatory gender quotas in legislative bodies to improve the representation of women in public office, a long-standing gap in Nigeria's democracy.

When the public hearing phase is concluded, the National Assembly is expected to transmit the proposed amendments to the 36 State Houses of Assembly by December 2025. Ratification will require the approval of at least two-thirds of the state legislatures. The next six months will be critical as political negotiations intensify and stakeholders from across the federation weigh in on the future shape of the Constitution.

For businesses, civil society, and public institutions, the implications of these reforms are far-reaching. Legal and HR teams must track potential shifts in labour laws, particularly around wage regulation and employment frameworks. Security stakeholders will need to rethink federal-subnational coordination if state policing becomes a reality. Political actors and civil society groups should also prepare for a more competitive political environment shaped by independent candidacy, diaspora participation, and gender-based legislative mandates.

If these constitutional amendments are carefully designed and credibly implemented, they could lay the foundation for a more decentralised, inclusive, and responsive federal system, capable of meeting the complex demands of Nigeria's democracy and development goals.

Expansion of Diaspora Investment Framework

The Federal Government also renewed its focus on encouraging Nigerians living abroad to invest in the country. Two key tools are now being promoted to support this effort. First are the **Diaspora Bonds**, which allow Nigerians in the diaspora to invest their foreign currency in major national projects like housing, power, and transport. In return, they earn interest on their investment in dollars or other foreign currencies. These bonds are being repositioned to attract more long-term investors, especially for infrastructure and renewable energy.

Second is the **non-residential BVN system**, which now allows Nigerians abroad to open and operate local bank accounts without needing to come home. This makes it easier for them to invest directly in areas like agriculture, real estate, and the tech industry from wherever they are in the world. The Central Bank of Nigeria and the Nigerian Diaspora Commission are also working to expand platforms that help Nigerians abroad send money back home more easily and use it to build businesses or invest in social projects.

These initiatives make it simpler and safer for Nigerians abroad to take part in the country's development.

Many are now investing not just out of profit but also out of a desire to contribute to national progress. As Nigeria continues to rely on inflows from the diaspora, which already contributes over 20 Billion dollars annually, the government is striving to shift focus from remittances to more structured and long-term investments. What will be key going forward is ensuring that the funds are well managed, investors are protected, and that there is clear information about where the money is allocated.

Government Caps Annual FRC Levy for Large Companies

Also in June, the Federal Government took action to address rising complaints from private companies about high levies imposed by the Financial Reporting Council of Nigeria (FRC). The FRC had introduced a new rule under the 2023 amended Act that allowed it to charge companies a percentage of their annual income as regulatory fees. For many large companies, especially those not listed on the stock exchange, this meant paying very high and unpredictable sums every year.

In response to months of pushback from business groups and industry associations, the Minister of Industry, Trade and Investment announced that the government had placed a limit on how much companies would have to pay. The cap is now set at 25 million naira per year for all large companies, including banks, pension firms, and major manufacturing or oil firms. This brings them in line with listed companies, which already had the same cap in place.

The decision was welcomed by the business community, praising the move as a sign of more responsive governance. Discussions are currently underway to send an amendment bill to the National Assembly to make the cap part of the law by 2026. Until then, the new cap will apply as a policy directive.

This development provides businesses with more predictability and reduces unnecessary cost pressures.

also shows that the government is paying attention to industry concerns and willing to adjust policies to support the economy. Companies can now plan their budgets more confidently, while regulators still retain the power to oversee financial reporting standards.

Conclusion

June 2025 reflects a month of policy consolidation. Across tax, infrastructure, urban planning, constitutional reform and investment frameworks, the government showed growing resolve to dismantle long-standing inefficiencies and rewire the Nation for performance. However, the true test of reform lies not in its announcement, but in its effective execution. The challenge ahead is one of sustained delivery, ensuring that these bold policies evolve from executive memos and legislative enactments into working systems that improve lives and expand opportunities. If this transition is achieved, June 2025 will not merely be a highlight of Nigeria's reform timeline; it will stand as the foundation of a new governance era anchored in clarity, coordination, and credibility. Delivering on this promise will require disciplined follow-through, strong institutional synergy, and unwavering political will. Regardless, the direction is clear: Nigeria is no longer simply reforming, it is deliberately redesigning the structure of its governance and economy to meet the demands of the next generation.

The information contained in this analysis is solely for educational purposes. It does not and is not intended to constitute legal or any other professional advice.

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