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Nigeria Tax Act, 2025: Issues With Self-Assesment And Returns

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ABSTRACT
This study analysed the Nigeria Tax Act, 2025, emphasising the difficulties of self-assessment and tax returns amid the country's changing fiscal environment. The study investigated the challenges faced by the self-assessment system, intended to enhance voluntary compliance and administrative efficiency, including insufficient taxpayer education, technical constraints, ineffective enforcement, and diminished faith in governmental institutions. The study employed a review-based analytical methodology to integrate ideas from existing literature, policy documents, and empirical data, therefore elucidating systemic inefficiencies and proposing pragmatic alternatives. The results showed that self-assessment might help make more money and be more open, but it only worked if the government was up to date with technology, taxpayers knew about it, institutions had the resources they needed, and tax money was used responsibly. The research found that the only way to get a fair, efficient, and long-lasting tax system under the Nigeria Tax Act, 2025 was to use new technologies, make education programs stronger, and make policy implementation stronger.
Keywords: Self-Assessment, Tax Returns, Tax Administration, and Fiscal Policy are some of the terminology used.

INTRODUCTION

Taxation is still one of the oldest and most dependable ways for the government to pay for things, promote fairness, and boost the economy. There is no way to stress enough how important it is to have a well-organised tax system across the world. It is a lifeline for the state since it gives the state the money it needs to pay for social services, infrastructure, and the operation of public institutions. In developing countries, taxes are not just a way for the government to get money, but they are also a way to redistribute wealth and promote economic stability. However, even if it is important, the process of tax administration and compliance still has a lot of problems, especially in nations like Nigeria where the economy is complicated and mostly informal (Aina, 2025). The Nigerian tax system has changed a lot over the years, which shows that the government is trying to make sure people pay their taxes and get more money. The goal has been to make the system more efficient and open since the Companies Income Tax Act was passed and the Finance Acts of recent years. But even with these changes, tax compliance is still a big problem. A large number of taxable entities, notably those in the informal sector, still don't pay their taxes or report them correctly. This is because of problems with the administration that make it harder to collect taxes (Ishaku, El–Maude & Ahmadu, 2025). Because of these problems, policymakers have had to look for new ways to get people to comply with the law on their own. One of them is the self-assessment system.

The self-assessment method lets taxpayers figure out and report their own tax obligations without having to go through an assessment by tax authorities first. This is meant to make things more open, cut down on administrative delays, and get people to follow the rules on their own. In concept, it transfers accountability from the government to taxpayers, promoting a feeling of civic duty and responsibility (Jerry, 2021). But in reality, the effectiveness of this system depends a lot on how much people know,

how honest they are, how well they keep records, and how much they trust the government. When these criteria aren't strong enough, self-assessment might lead to under-reporting and wrong files. The Nigeria Tax Act, 2025, which was passed recently, is a big change for the country's tax system. The Act's goals are to update the tax system, make sure that all laws are consistent with each other, and provide digital tools to improve compliance and transparency (Omodero & Ekundayo, 2025). One of its most important changes is to make self-assessment filing stronger and punish those who don't follow the rules more harshly. The Act gives tax authorities the capacity to make sure people follow the rules by using digital monitoring technologies, real-time reporting, and harsher punishments for late or incorrect reports (ThisDay, 2025). These changes seem like they will be good, but they also make things harder on taxpayers and administrators. Some of these problems are the difficulty of figuring out taxes, the uneven enforcement of penalties, the lack of information for taxpayers, mistakes made by the government, a culture of poor record-keeping, and the fact that corruption is still a problem in the tax system (Olaoye & Akinleye, 2020; Okoye et al., 2021). Many taxpayers have trouble using digital compliance tools, and small and medium-sized businesses (SMEs) typically have to deal with both limited capacity and regulatory pressure. These problems cumulatively affect the efficacy of achieving the goals of the Nigeria Tax Act, 2025, via the self-assessment structure. The interaction between federal and state tax authorities adds another layer of complication. Taxpayers are confused because revenue authorities have overlapping duties, tax laws are interpreted in different ways, and there are no consistent criteria for enforcement (Akinyemi & Adesina, 2022). The self-assessment and returns system will only work if there are changes to the law, better coordination between agencies, and taxpayers trust that the process is fair.

Countries across the world, including the UK, Canada, and Malaysia, that have adopted self-assessment systems show that the effectiveness of this method depends a lot on the ability of the institutions, the faith of the taxpayers, and the honesty of the tax administration. Nigeria's implementation of this paradigm via the 2025 Act must be understood in light of its socio-political and economic circumstances. It calls for a match between policy goals and real-world results, especially in a country that still has problems with its infrastructure and people don't trust government institutions. The Nigeria Tax Act, 2025, on the other hand, opens up new ways to be creative. The digitisation of tax procedures, the use of AI to track compliance, and the growth of the taxpayer database all point to a move towards a smarter financial system. If done right, these changes might make things more efficient, open, and bring in more money. But the main question is whether these changes can fix long-standing problems with the system and people's behaviour to get the results we want. Moreover, the self-assessment and returns system has big effects on fiscal discipline, public accountability, and the growth of the country. A well-functioning system not only brings in money that can be used over and over again, but it also deepens the social compact between the state and its people. It lays the groundwork for inclusive growth, where taxpayers can see the real effects of their taxes in better infrastructure, healthcare, education, and government. But the road to a smooth self-assessment system in Nigeria is far from over, even though it seems promising. The Nigeria Tax Act of 2025 is a turning point. It is a brave attempt to modernise tax administration and make people more likely to pay their taxes at a time of digital change. The question that arises is whether this reform can effectively align administrative aspirations with the realities faced by taxpayers. This study aims to investigate these dynamics, concentrating on the difficulties of self-assessment and returns under the Nigeria Tax Act, 2025, to comprehend the deficiencies, pinpoint areas for enhancement, and offer insights into how the new regime can fulfil its goals of transparency, efficiency, and accountability.

LITERATURE FOUNDATION

2.1 The Tax System in Nigeria

Taxes are one of the most important tools that governments use to keep the economy growing, make sure everyone is treated fairly, and encourage progress. Taxation is not just a way for the government to get money; it is also a way for people to show their agreement with the government. As Nigeria tries to diversify its sources of income and cut down on its reliance on oil, the link between taxes and government has become more important. The Nigerian tax system lies at the heart of the country's change. It is both a tool for fiscal policy and a way to measure how stable the economy is (Omozue, 2025; Odetayo, Adebisi

& Alaba, 2025). The development of Nigeria's tax system is profoundly influenced by its colonial legacy, which implemented organised taxes as a means of administrative governance. After independence, taxes were a vital way for the government to raise money for nation-building, but the system was still quite centralised and broken up. Nigeria has a federal tax system today, which means that the three levels of government—federal, state, and local—share tax authorities. This split guarantees fiscal decentralisation and autonomy; yet, it simultaneously complicates administration and compliance (Olika, Ukomadu, Ogidan & Abiodun, 2024). The Federal Inland Revenue Service (FIRS) is the main tax authority in charge of collecting and enforcing federal taxes such the Companies Income Tax (CIT), the Petroleum Profit Tax (PPT), the Value Added Tax (VAT), and the Capital Gains Tax (CGT). The Personal Income Tax (PIT) and other state-level taxes are handled by State Boards of Internal Revenue (SBIRs). Local governments, on the other hand, administer taxes including commercial premises charges and tenement rates (Usman & Okoroigwe, 2025). This tiered structure is meant to keep the government fiscally responsible, but it often leads to overlapping authorities and administrative problems.

The Companies Income Tax Act, the Personal Income Tax Act, the Value Added Tax Act, and the Petroleum Profit Tax Act are only a few of the laws that regulate Nigeria's tax system. Annual Finance Acts often change these laws to keep up with changes in the economy and technology (Adekunle, 2021; Aduloju, 2022). The current Nigeria Tax Act, 2025 is a major change that brings together several tax policies into one system to make it easier to follow the rules, make the tax system more open, and improve the digitalisation of tax administration. The Nigerian tax system has done well and poorly during the previous 20 years. The tax-to-GDP ratio is still at 11%, which is far lower than the African average of 20% (IMF, 2023; Omodero & Ekundayo, 2025). This is despite the fact that tax income has gone up in absolute terms. This disparity shows how fragile Nigeria's tax structure is, as it still depends so much on oil money. The government is trying to diversify its sources of income, which has led to an increase in indirect taxes like VAT and a renewed focus on taxing the digital economy (Olanike, Emehelu & Falope, 2025; UMENWEKE, 2025).

The Value Added Tax (VAT) system, which started in 1993, is still one of the most stable and dependable parts of Nigeria's non-oil income system. Its contribution has gradually increased, in part due to the expansion of the tax base and enhanced administrative efficiency (Oludi, 2025). But VAT has also led to heated discussions about fairness, especially when the economies of different states are so different. Some governments see the central collection and allocation of VAT as a violation of their right to control their own finances. These disputes highlight more general problems with federalism and fair taxation in Nigeria (Anam et al., 2024). Nigeria has seen a paradigm shift towards tax digitalisation in recent years. TaxPro Max, e-filing, e-payment systems, and taxpayer identification numbers (TINs) have made things more open and easier (Onwunyi & Okoli, 2025; Fadipe, Festus & Grace, 2025). Digital transformation has also made it easier to keep track of income and stopped money from leaking out through manual processes. But the advantages of digitalisation aren't spread out fairly. Many taxpayers, especially those in rural and informal sectors, don't have enough access to digital infrastructure and literacy (Ishaku, El-Maude & Ahmadu, 2025). The informal sector is both a problem and a chance for Nigeria's tax system. This sector makes up around 60% of the country's workers, thus there is a lot of untapped tax potential here (Aina, 2025). But because it is mostly cash-based and not well-documented, it is hard to tax. Many informal operators don't know what taxes they owe or think taxes are unfair because of bad government and lack public accountability (Mbalisi, Mbalisi & Nwaiwu, 2025). To close this gap in trust, we need to focus on people and use tax education, easier processes, and clear changes in how public services are delivered (Elemo-Kaka, 2025).

Also, Nigeria's tax system is hard to understand because there are so many different levies. Businesses frequently encounter concurrent charges imposed by many levels of government, resulting in double taxation and deterring investment (Kontagora & Onyemaechi, 2025). This kind makes people less likely to follow the rules and more likely to dodge or evade taxes. Olasunkanmi et al. (2025) assert that a consistent and harmonised tax policy is essential to enhance equity, reduce disputes, and cultivate a stable economic climate. Reforms in governance and new technologies have started to change the story. The growth of e-governance platforms and AI-powered tax monitoring systems (Onyekachi & Ihendinihu,

2025) are making it possible to analyse data in real time, making it easier to enforce compliance, and making it less likely that people would meddle. These technologies are in line with the best standards throughout the world, which makes tax administration more open and responsive. However, technology cannot supplant the moral and civic duty essential for voluntary compliance, which relies on individuals' assessment of governmental integrity and accountability (Jerry, 2021; Dakhil et al., 2025). The Nigerian tax system is also changing in response to changes in the economy, especially with the advent of the digital economy. Taxing digital products and services, such as e-commerce, online streaming, and digital advertising, is hard because of jurisdictional issues (Ogidan, 2021; UMENWEKE, 2025). The 2025 Act tries to fill these gaps by making cross-border digital transactions taxed. This move puts Nigeria in line with what other countries are doing to make taxes work better in a world that is becoming more digital (Olanike et al., 2025).

In general, Nigeria's tax system is both a step forward and a step back. Reforms like digitalisation, self-assessment, and tax education, on the other hand, show that the government is moving towards more contemporary ways of managing money. On the other hand, long-standing problems with non-compliance, corruption, and poor administration keep the system from reaching its full potential (Ogungbesan, 2023; Sulaiman, Abalaka, and Ajiteru, 2025). The conflict between policy formulation and real-world implementation is still a big part of Nigeria's fiscal environment. As Nigeria goes forward with the Nigeria Tax Act, 2025, the stakes are high. The Act's goals are to bring together changes, make tax laws easier to understand, and encourage people in all industries to follow the rules. But for these policies to work, the government has to find a way to balance fairness, efficiency, and trust. Can Nigeria finally have a tax system that is fair, open, and focused on growth? One that people don't see as a burden but as a shared responsibility? This is still the most important question that will determine the country's financial future.

2.2 Problems with the Tax System

The Nigerian tax system is very important for making sure that the economy is stable, fair, and grows in a way that lasts. Taxation is a key way for governments to raise money for public goods and services. It is one of the main ways that governments get money to pay for these things. The effectiveness of a tax system in achieving its objectives is contingent upon its design, administration, and the compliance behaviour of taxpayers (Olasunkanmi et al., 2025). The system in Nigeria has changed throughout time via a number of reforms, such as the adoption of the yearly Finance Acts and the modernisation of the way taxes are collected. However, the efficacy of these attempts has been a focal point of vigorous public debate, since the system persists in demonstrating structural and operational deficiencies that impede its optimal functioning (Aina, 2025; Omodero & Ekundayo, 2025). In theory, a good tax system should be based on the ideas of justice, simplicity, openness, and economic neutrality. It should reduce distortions, make sure that tax responsibilities are shared fairly, and encourage people to pay their taxes on their own (Ogungbesan, 2023). The tax system in Nigeria, which includes direct and indirect taxes at the federal, state, and municipal levels, was established to represent these ideas. However, its actual results have frequently not lived up to expectations because of ongoing problems with institutions, behaviour, and policies (Odetayo, Adebisi & Alaba, 2025). As a result, the tax system has had a hard time providing a strong and inclusive revenue base that supports long-term development goals, even after several changes and reorganisations (Fadipe, Festus & Grace, 2025).

Additionally, the relationship between economic realities, institutional capacity, and citizen views continues to affect how Nigeria's tax system works. The rapid growth of cities, the growth of the informal sector, and advancements in technology have all made it harder to collect and enforce taxes. Likewise, public attitudes about governance, accountability, and the allocation of tax income have significantly impacted compliance behaviour (Elemo-Kaka, 2025). The viability of any tax system is contingent not only upon legislative frameworks and enforcement procedures but also on the reciprocal confidence between the government and the populace (Ishaku, El-Maude & Ahmadu, 2025). This lack of confidence is still a big problem for Nigeria's goal of having a fair and effective tax system. So, understanding the problems with Nigeria's tax system is a key part of any plan for real change. These problems are complex and include many different areas, such as policy creation, administrative efficiency, taxpayer behaviour,

and adapting to new technologies. Each one is a major flaw that makes it harder for the system to bring in enough money and make the economy fair. The Nigerian tax system has the following major problems:

Low Tax-to-GDP Ratio: Nigeria has a low tax-to-GDP ratio, which means that not enough people pay taxes and not enough people follow the rules (Aina, 2025).

Weak Administrative Capacity: Revenue agencies typically don't have the institutional strength, technology, or people they need to make sure people follow the rules (Odetayo et al., 2025).

Widespread Tax Evasion and Avoidance: Numerous people and businesses intentionally underreport income or take advantage of gaps in tax regulations (Olasunkanmi et al., 2025).

Multiplicity of Taxes: The overlap of taxes at the federal, state, and municipal levels makes things confusing and makes people less likely to pay their taxes (Kontagora & Onyemaechi, 2025).

Corruption and Lack of Transparency: Poor handling of tax money makes people less likely to trust the government and more likely to oppose paying taxes (Elemo-Kaka, 2025).

Dominance of the Informal Sector: A significant section of Nigeria's workforce functions outside the formal tax framework, limiting the government's income potential (Ishaku et al., 2025).

Inconsistent Tax Policies: Businesses are unsure of what to expect because the yearly Finance Acts modify the rules all the time (Aduloju, 2022).

Technological and Cybersecurity Constraints: The system is vulnerable to inefficiencies and fraud since not enough people use safe digital platforms (Olanike, Emehelu & Falope, 2025).

Challenges of the Digital Economy: The taxation of cross-border digital activity is still not well defined or enforced (Onyekachi & Ihendinihu, 2025).

Low Taxpayer Education: Numerous individuals do not possess sufficient comprehension of tax legislation, protocols, and their civic responsibilities (Mbalisi, Mbalisi & Nwaiwu, 2025).

2.3 Tax Self-Assessment and Return

Tax self-assessment and returns are a big change in how taxes are handled today. They put the duty for making sure that taxes are paid correctly on the individual instead of the state. This approach came about as part of bigger changes in the public sector that were meant to make things more efficient, open, and voluntary. In a self-assessment system, taxpayers are in charge of figuring out, reporting, and paying their own taxes depending on their income and financial activities. The tax authorities are only in charge of checking, monitoring, and enforcing (Jerry, 2021). This method works on the idea that if people know and agree with their tax responsibilities, they will naturally follow the rules, and the cost of running the system will go down. The switch from government-determined assessments to self-assessment in Nigeria was a big change for the country's tax administration (Omozue, 2025). Self-assessment was brought to Nigeria because the country needed to modernise how it collects taxes and make sure that its tax processes are in line with the best practices throughout the world. The Companies Income Tax (Amendment) Act of 2007 originally included it, and then the Nigeria Tax Act 2025 and other Finance Acts made it stronger by stressing the need for digital filing and automated processing of tax returns (Kontagora & Onyemaechi, 2025). The method aims to improve efficiency by cutting down on red tape and letting taxpayers handle their own reporting duties. Taxpayers are expected to file returns every year through self-assessment. This means they must report their income, permissible deductions, and taxes owed within a certain amount of time and keep correct records that the tax authorities may check when needed (Oludi, 2025).

Trust, compliance, and responsibility are the most important parts of self-assessment. The Federal Inland Revenue Service (FIRS) and State Internal Revenue Services depend on taxpayers being honest about their financial activities (Aina, 2025). Enforcement tools like tax audits, fines for false declarations, and digital tax systems that check data support this trust-based system. But for this system to work, there needs to be a well-informed and compliant group of taxpayers, good administrative oversight, and strong technological frameworks (Odetayo, Adebisi, & Alaba, 2025). Digital innovations like e-filing and e-payment systems, for example, have made it much easier to file taxes, made the process more open, and made it harder to cheat (Usman & Okoroigwe, 2025). However, self-assessment necessitates a robust culture of voluntary compliance, which is a difficulty in nations like as Nigeria, where tax morale is

persistently poor (Elemo-Kaka, 2025). A lot of taxpayers, especially those who work in the informal sector, see paying taxes as a hardship instead of a civic duty since there isn't enough public accountability and tax-funded projects aren't very visible (Ishaku, El-Maude & Ahmadu, 2025). So, self-assessment only works if the government is efficient and people trust that taxes are fair and helpful. When taxpayers lack such trust, they may underreport income, postpone files, or even dodge returns (Olasunkanmi et al., 2025). In the Nigerian context, self-assessment is not just a technological change; it is a change in behaviour and institutions that needs ongoing education, the use of new technologies, and policies that are always the same (Onyekachi & Ihendinihu, 2025).

The idea of a tax return also works with self-assessment since it gives taxpayers a clear way to tell the right authorities about their income, deductions, and taxes owed. A tax return is, in theory, a legal document that is used to figure out how much money a person owes and how much they have to pay. According to the Nigeria Tax Act 2025, people and businesses must file annual returns either by hand or electronically, depending on their type and size of business (Fadipe, Festus & Grace, 2025). These returns are important for predicting revenue and making policy decisions because they assist the government understand how taxable income is distributed throughout the economy. More significantly, they give you a record that can be checked and utilised during audits, to settle disputes, and to keep track of compliance (Omodero & Ekundayo, 2025). Self-assessment and tax return systems have made Nigeria's tax administration more efficient and responsive in real life. The use of e-filing platforms, tax identification numbers (TIN), and automation technologies has decreased mistakes and enhanced the pace of tax processing (Olanike, Emehelu & Falope, 2025). Moreover, the Finance Acts of recent years—including that of 2025—have increased the technical and legal infrastructure to facilitate compliance, notably for corporate organisations and high-income individuals. Nonetheless, these advancements have not entirely tackled fundamental challenges of awareness, data integrity, and enforcement. As several scholars argue, sustainable success requires consistent taxpayer education, stronger collaboration between tax authorities and the private sector, and the integration of artificial intelligence tools to detect inconsistencies in returns (Onyekachi & Ihendinihu, 2025; Dakhil et al., 2025).

2.4 Ways to Solve the Problems with Self-Assessment and Returns

The Nigeria Tax Act, 2025's self-assessment and tax return system would only operate if the government can fix the problems that are making it less effective. These problems, which include low taxpayer literacy and poor administration, need big, well-planned changes. Aina (2025) says that for a growing country like Nigeria to have a good tax system, it has to combine fiscal discipline, contemporary administration, and public involvement to encourage people to pay their taxes on their own. Omozue (2025) also said that a long-term answer doesn't come from harsh enforcement, but from making a system that taxpayers can comprehend, trust, and follow effortlessly. The first important remedy is to make taxpayers more informed and educated. Taxpayer illiteracy continues to be one of the most substantial obstacles to efficient self-assessment and filing compliance in Nigeria (Jerry, 2021; Ishaku, El-Maude & Ahmadu, 2025). A lot of small company owners and people don't know enough about tax rules, how to file taxes, and when to file. So, public education initiatives through mass media, community outreach, and internet platforms should be stepped up (Fadipe, Festus & Grace, 2021). Taxpayers may get help with complicated filing requirements from simplified tax guides and interactive help desks, both online and in person. Kontagora and Onyemaechi (2025) have suggested adding tax education to school curriculums to help people become more aware of their responsibilities and accountable at an early age. This has worked well in other developing countries. The second main idea is to use technology to help with tax administration. Countries that don't use current technologies risk inefficiencies and tax evasion as tax systems throughout the world go digital. Onyekachi and Ihendinihu (2025) asserted that artificial intelligence and digital monitoring technologies have the potential to revolutionise Nigeria's tax administration by identifying fraudulent submissions and improving compliance accuracy. Usman and Okoroigwe (2025) also pointed out that e-filing and e-payment systems greatly boost income and cut down on corruption by making it less likely that taxpayers and officials will meet in person. By creating a single tax database that links federal, state, and municipal systems, data consistency and real-time

monitoring may be achieved (Odetayo, Adebisi & Alaba, 2025). Omodero and Ekundayo (2025) also said that digital payment methods that use blockchain technology will make things more open and cut down on income loss.

Equally important is improving the professionalism and institutional capability of tax authorities. Oludi (2025) says that the effectiveness of self-assessment systems depends on how skilled, honest, and motivated tax administrators are. It is necessary to make capacity-building initiatives, professional certifications, and regular training in digital and ethical standards a part of the system (Chime et al., 2025). Onwunyi and Okoli (2025) also suggested setting up independent monitoring groups to make sure that tax administration is fair, open, and accountable. Adding performance-based incentives and safeguards for whistleblowers can help morale and cut down on corruption in the tax system even further (Dakhil et al., 2025). Another strategic answer is to make tax rules and processes easier to understand and work together. Frequent changes to policies and taxes that overlap between the federal and state governments make things confusing and make it harder to follow the rules (Olika et al., 2024). To fix this, Olasunkanmi et al. (2025) said that there should be a single tax law that cuts down on duplication and makes things clearer for administrators. Simplified filing procedures, characterised by less paperwork and user-friendly online platforms, can promote compliance, particularly among micro and small firms. Mijinyawa, Ibrahim, and Shagari (2025) further said that stable policy frameworks boost taxpayer trust and make it feasible for both people and businesses to prepare for the long term.

Being open and responsible about how tax money is used is also very important for rebuilding trust in the government. Many Nigerians think of paying taxes as a waste of money and a way to steal, which makes them not want to pay them (Elemo-Kaka, 2025; Umenweke, 2025). The government must show that it is financially responsible by regularly issuing reports that illustrate how taxes are spent and connecting them to real public initiatives like schools, roads, and hospitals (Abasilim, Adelusi, and Mudau, 2025). Anam et al. (2024) stressed that visible service delivery funded by taxes may alter public perception and fortify the social compact between the state and its inhabitants. In the end, this will make taxpayers want to cooperate instead of forcing them to. Finally, voluntary compliance initiatives need to be backed up by strong enforcement methods. Oladipo et al. (2025) say that enforcing rules without teaching people about them makes them resistant, whereas teaching people about rules without enforcing them makes them complacent. So, Nigeria's tax officials should use data-driven surveillance tools to find people who aren't following the rules and make sure that the punishments are fair for everyone. But there should be incentives, such tax breaks and rewards for frequent and timely filers, along with enforcement (Ajagun, Kehinde & Jinadu, 2025). This balanced approach, which combines punishment with encouragement, will make things fairer and help taxpayers and tax authorities trust each other more.

2.5 A Few Empirical Studies

Empirical research about taxes in Nigeria indicates that the efficacy of any tax system is predominantly contingent upon the degree of compliance, the efficiency of administration, and the public's sense of equity. Omozue (2025) studied the difficulties that lawyers in Nigeria have with paying their taxes and discovered that self-assessment is not very successful since it encourages independence and accountability, but poor enforcement mechanisms and a lack of taxpayer education make it less effective. Aina (2025) also looked at tax techniques and policy changes in Nigeria's informal economy and found that the self-assessment framework has trouble with inclusion since most people who operate in the informal sector don't know enough about tax processes. These results are consistent with the work of Ishaku, El-Maude, and Ahmadu (2025), who stressed that closing compliance gaps in Nigeria's informal sector necessitates both digital improvements and ongoing public awareness efforts. These studies together emphasise that although self-assessment may alleviate administrative burdens, it is not sustainable in a context of poor compliance.

Numerous empirical studies have examined the nexus between digitalisation and efficient tax administration, seeing technology as a catalyst for compliance and a possible impediment when inadequately executed. Odetayo, Adebisi, and Alaba (2025) examined the influence of information technology on the effectiveness of tax administration in Osun State, demonstrating that digital systems

enhanced transparency and mitigated leakages, although necessitating ongoing capacity building for tax authorities. Usman and Okoroigwe (2025) also looked at how e-filing and e-payment systems affected revenue generation in Niger State. They discovered that these systems had a big beneficial influence on compliance rates and revenue mobilisation. Onyekachi and Ihendinihu (2025) corroborated this finding, claiming that AI-driven tax monitoring systems can transform compliance tracking and reduce evasion in Nigeria. On the other hand, Olanike, Emehelu, and Falope (2025) noted that although digital tools make things easier, technical problems and cyber threats might sometimes make people less likely to use them regularly. These findings together confirm that digital transformation is imperative yet inadequate in the absence of institutional resilience and public confidence.

Besides digital change, empirical studies have also looked at the policy and structural parts of Nigeria's tax system. Kontagora and Onyemaechi (2025) investigated taxpayers' participation in the administration of tax revenue pursuant to the Companies Income Tax Law, demonstrating that participatory management fosters transparency and encourages voluntary compliance. Oludi (2025) discovered that while Value Added Tax (VAT) income has a substantial role in macroeconomic performance, administrative inefficiencies and inadequate return documentation diminish its effectiveness. Mijinyawa, Ibrahim, and Shagari (2025) also associated recent tax modifications with little enhancements in economic development, cautioning that inconsistent policies frequently negate these advancements. Fadipe, Festus, and Grace (2025) further shown that the digitalisation of tax administration fosters sustainable development by expanding the revenue base and enhancing accountability. These studies highlight that efficient policy execution and ongoing reform initiatives are crucial for the efficacy of self-assessment and tax return systems.

A different group of empirical studies has looked at the cultural and behavioural dimensions of taxes. Elemo-Kaka (2025) offered a perceptive analysis of tax culture in Lagos State, demonstrating that voluntary tax compliance among elites is influenced by social norms and the perceived legitimacy of governmental expenditures. Mbalisi, Mbalisi, and Nwaiwu (2025) investigated the notion of the "black tax" in post-colonial Nigeria, proposing that cultural and familial commitments may conflict with official tax duties, thereby diminishing compliance incentive. In a PhD dissertation, Ogungbesan (2023) similarly illustrated that stakeholder participation and public knowledge are crucial for enhancing voluntary compliance throughout Nigeria. These findings clearly indicate that, in addition to legal and administrative improvements, the establishment of a robust tax culture based on trust and civic responsibility is essential for enhancing the self-assessment system.

Finally, recent studies have examined the consequences of Nigeria's fiscal modernisation on economic sustainability. Dakhil et al. (2025) investigated tax compliance tactics and revenue creation, revealing that clear tax processes substantially improve national revenue. Omodero and Ekundayo (2025) examined the effectiveness of digital payment systems and tax collection, stressing the necessity for strong macroeconomic support systems. Ajagun, Kehinde, and Jinadu (2025) discovered a favourable correlation between tax income and capital spending, suggesting that effective tax returns positively impact public investment. In the same way, Anam et al. (2024) and Sulaiman, Abalaka, and Ajiteru (2025) connected improved tax administration to better fiscal federalism and development results. These empirical observations together indicate that Nigeria's shift towards self-assessment and digital tax return systems signifies advancement; nonetheless, entrenched institutional and behavioural impediments persist in hindering their complete implementation.

CONCLUSION, IMPLICATIONS, AND RECOMMENDATIONS

Conclusion

In conclusion, this study highlights that the Nigeria Tax Act, 2025, while a laudable reform aimed at enhancing self-assessment and tax return mechanisms, still encounters considerable implementation obstacles due to administrative inefficiencies, a deficient compliance culture, technological constraints, and policy inconsistencies. The empirical data examined indicates that although digitalisation and self-regulatory frameworks have enhanced transparency and streamlined tax procedures, their efficacy is still hindered by inadequate institutional capacity and insufficient taxpayer knowledge. To get the most out of

the self-assessment system, we need to take a comprehensive strategy that includes strong digital infrastructure, effective enforcement, ongoing taxpayer education, and open fiscal governance.

Implications

This study has both practical and policy consequences, showing how important it is to improve Nigeria's tax system under the 2025 Tax Act.

1. The results show lawmakers that the self-assessment and tax return system will only function if there are changes to the law, as well as improvements to the way government agencies work and the trustworthiness of tax authorities.
2. To keep the public's trust and encourage voluntary compliance, it is important to strengthen enforcement, make sure that people are held accountable, and keep tax policy consistent.
3. The research suggests that tax administrators need to increase their skills, improve their technology, and use data-driven monitoring systems to make their work more efficient and cut down on tax evasion.
4. The findings underscore the significance of civic duty and tax education in promoting compliance and engagement in national development among taxpayers.

Recommendations

The study's results and consequences lead to the following suggestions for improving the efficacy of self-assessment and tax return administration under the Nigeria Tax Act, 2025:

1. Improve taxpayer education and awareness: The Federal Inland Revenue Service (FIRS) and State Internal Revenue Services (SIRS) should do more to teach the public about self-assessment methods, tax legislation, and filing requirements. To encourage people to file their taxes correctly and on time, tax guides should be easier to understand, digital learning platforms should be used, and stakeholders should be involved on a regular basis.
2. Put money into digital infrastructure and automation: The government should improve the digital framework for tax administration by creating safe, easy-to-use, and connected e-filing and e-payment systems. Using technology like artificial intelligence and data analytics will make monitoring better, find irregularities, and lower tax evasion.
3. Help tax officials do better at their jobs: Tax administrators should have ongoing professional training and development to make them more efficient and honest. To improve worker morale and cut down on corruption in tax administration, there should also be performance-based rewards and initiatives to teach people how to use computers.
4. Make sure that policies are consistent and processes are easier to follow. Tax laws and procedures should be the same at the federal, state, and local levels to reduce redundancy. Individuals and businesses will find it easier to follow the rules if tax processes are simpler. Policy evaluations should happen on a regular basis and be based on real-world data.

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