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Mandatory Tax ID Validation and Digital Reporting in Nigeria

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Effective January 1, 2026, the Nigeria Tax Administration Act (NTAA) heralds a transformative era of compliance for financial institutions. Pursuant to this legislation, banks and fintech companies are henceforth mandated to validate Tax Identification Numbers (TIN) for all individuals and corporate entities during the onboarding process, as well as for any subsequent account-related activities.

This requirement is underpinned by the Electronic Fiscal System (EFS), a centralized digital reporting platform meticulously designed to enhance transparency and facilitate real-time oversight.

Non-compliance, including any failure to utilize the EFS for the accurate recording of supplies, will attract substantial financial penalties and accrued interest, calculated in accordance with the Central Bank of Nigeria's (CBN) Monetary Policy Rate.

This legislative transition necessitates an immediate and comprehensive upgrade of internal Know Your Customer (KYC) and Know Your Business (KYB) systems to ensure seamless integration with national tax databases and to comply with the statutory requirements set forth by the NTAA.

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The information shared in this post is to provide general guidance on the subject matter and does not constitute legal advice. For guidance tailored to your organisation's specific circumstances, contact info@goldsmithsllp.com