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The Office of the Tax Ombudsman: Evaluating the Shift Towards Mediation and Administrative ADR in Nigeria's Tax Architecture



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1. Introduction: Why Tax Disputes Need a Different Door

Taxation remains indispensable to governance, providing governments with the revenue required to discharge their constitutional and developmental responsibilities. However, an effective tax system must be measured not only by its revenue-generating capacity but also by the fairness, transparency and accountability of its administration. Disputes arising from contested assessments, delayed refunds, excessive enforcement measures and administrative inefficiencies often undermine taxpayer confidence and create prolonged legal and financial complications. As such, there's an urgent need for efficacious frameworks that can anticipate these disputes and resolve them when they arise.

Traditionally, Nigeria's tax dispute resolution framework has relied heavily on administrative objection procedures, proceedings before the Tax Appeal Tribunal and litigation. Although these mechanisms remain essential, their adversarial nature, financial implications and potential delays may make them burdensome for taxpayers and revenue authorities alike.

The establishment of the Office of the Tax Ombud under the 2025 tax reform framework introduces a complementary approach to resolving such grievances. By providing an independent administrative avenue for receiving complaints, facilitating mediation and promoting conciliation, the framework recognizes that not every tax disagreement must result in formal proceedings.

2. The New Architecture: Four Acts, Three Institutions and a New Dispute Pathway

The 2025 tax reforms introduced four principal enactments: the Nigeria Tax Act (NTA), the Nigeria Tax Administration Act (NTAA), the Nigeria Revenue Service (Establishment) Act and the Joint Revenue Board of Nigeria (Establishment) Act (JRBA). Collectively, these laws seek to modernize tax administration through institutional restructuring, improved coordination and stronger taxpayer protection.

Three institutions are central to the emerging dispute-resolution framework. The Nigeria Revenue Service (NRS) assumes the federal revenue responsibilities previously exercised by the FIRS, while the Joint Revenue Board (JRB) promotes coordination among revenue authorities. The Tax Appeal Tribunal (TAT) retains its specialized quasi-judicial role in resolving tax disputes.

The Office of the Tax Ombud complements these institutions by providing an administrative accountability mechanism for addressing taxpayer complaints before they escalate into formal disputes. This approach is reinforced by **section 141 of the NTAA**, which permits tax authorities and taxable persons to pursue amicable resolution of tax matters at any stage of a dispute, subject to statutory conditions.

Together, these reforms establish a layered dispute-resolution framework in which administrative engagement and mediation encourage early settlement, while the tax appeal tribunal and

courts remain available where formal adjudication becomes unavoidable.

3. What the Ombud Is and What It Is Not

The Office of the Tax Ombud is established under Part VI of the Joint Revenue Board of Nigeria (Establishment) Act, 2025. **Section 36 of the Act** establishes it as a body corporate with perpetual succession and the capacity to sue and be sued. The Act also provides for its headquarters in the FCT and branch offices across the six geopolitical zones.

Under **section 41(1) of the JRBA**, the tax Ombud receives and investigates complaints against tax authorities and their officials, facilitates resolution through mediation and conciliation and recommends improvements to tax administration. Its mandate covers administrative grievances involving taxes, levies, customs duties and other regulatory charges.

However, the Ombud is neither a revenue collection agency nor a judicial entity. **Section 43 of the JRBA** limits its jurisdiction by excluding the interpretation of tax legislation beyond operational, administrative or procedural issues, matters already pending before a court or tribunal at the time the complaint is received, the determination of tax liabilities and the issuance of tax assessments. It also excludes personal employment grievances brought by tax officials against their respective tax authorities. Consequently, disputes falling within these excluded categories must be pursued through the appropriate statutory or judicial mechanisms.

It is important to note that the primary concern of the tax Ombud is administrative fairness and it also seeks to address chronic delays, procedural irregularities, abuse of authority and official misconduct. Its independence and impartiality safeguards strengthen its credibility, while **section 41(2) of the JRBA** makes its services free of charge.

4. The Office of the Ombud and its relationship to ADR

The most important thing to note about the tax reforms with respect to ADR, is that they do not introduce arbitration into the settlement of tax disputes. The long-standing constitutional principle that tax disputes are not arbitrable remains unchanged under the new tax regime. **Section 251 of the Constitution of the Federal Republic of Nigeria** reserves taxation matters for the **exclusive jurisdiction of the Federal High Court and, in recent years, the Court of Appeal also held in Esso Exp. & Prod. (Nig.) Ltd. v. F.I.R.S. (2021) 8 NWLR (Pt. 1777) 43** that tax disputes cannot be submitted to arbitration.

However, the tax reforms incorporate administrative ADR methods into the resolution of tax disputes and these can be seen at three different levels. First, the Third Schedule to the JRBA requires an investigation to be conducted by the Office of the Tax Ombud within 14 days of the receipt of a complaint, extendable by another seven days and **permits the Office to encourage parties to explore alternative dispute resolution mechanisms;** Second, the provisions of **Section 141 of the NTAA** permits the tax authority and the taxpayer to resolve matters amicably at any stage of a dispute provided the dispute does not involve intentional tax evasion or fraud, or where judicial clarification of the issue is in the public interest and would significantly promote compliance; Third, the Second Schedule to the JRBA provides that the Chairman of the Tax Appeal Tribunal, on first appearance, may allow the parties up to 30 days to explore settlement. It is evident from these positions that the "ADR" in the reforms is therefore negotiated and administrative in nature, not arbitral.

The focus of this article lies in discerning how the newly established Office of the Tax Ombud exhibits this ADR element and how much force its output carries as well as analyzing its functions alongside the established rules on adjudication of tax disputes. The JRBA was clear in stating that the Ombud cannot determine tax liability, issue assessments, interpret tax legislation or review matters that are already before a court, as its role in tax dispute resolution is mainly limited to investigating and resolving complaints about administrative unfairness and procedure, utilizing all the powers vested in it by **section 41(1) JRBA.**

According to the wording of the Third Schedule to the JRBA, the Ombud lacks coercive power: its findings and recommendations are non-binding and depend on the goodwill of the tax authorities. Where the relevant revenue or government agency fails to implement a recommendation without satisfactory reasons, the only recourse of the Office is to refer the matter to the National Assembly or the State House of Assembly to perform its oversight functions over such recommendation. However, **section**

41(1)(k) of the Act provides that the Ombud may issue "directives or orders" for resolving complaints or implementing recommendations. This strongly worded provision suggests the Ombud may exercise powers to compel parties to undertake certain acts in its process of reaching a finding or recommendation and may further make additional orders in its recommendations to the National Assembly or State House of Assembly for the implementation of those recommendations.

These provisions taken together can be construed as the JRBA using the Office of the Ombud to set up an accountability model for the tax authorities rather than an adjudicative one. While the dispute of tax assessments issued against tax payers cannot be challenged through mediation and conciliation (that is, by bringing the tax authorities to the discussion table where there are allegations of impropriety) except through the administrative and judicial channels established by law, the process through which those tax assessments were reached can be challenged to determine fairness.

It is also important to note that a settlement reached by the tax payer and tax authority under the instrumentality of **section 141 of the NTAA** is indeed binding and can fix liability on parties before the Tax Appeal Tribunal. These two ADR routes should not be confused with one another. While access to the Ombud is free and quicker for tax payers, its mandate is targeted at matters such as abuse of office or unfair procedure and its outcome is advisory and cannot fix liability. Thus, it does not account for the actual dispute of tax assessments computed against tax payers. This follows that, a tax payer who seeks to dispute the tax assessment issued against him must do so by the procedure set out in the NTAA.

5. Evaluating the Shift: ADR Alongside Adjudication, Not Instead of It

The relationship between the Ombud and adjudication is complementary by design. **Section 43(b) of the JRBA** restricts the Ombud from taking up a complaint or matter already before a court or tribunal and its investigation does not immediately affect an action taken or to be taken by the relevant agency. In effect, the Ombud handles process and conduct; settlement handles compromise on the liability of tax payers; the Tribunal and courts decide the merits of tax matters brought before them. This can also be viewed as the Ombud being used to filter out conduct-based grievances so that the Tribunal can concentrate on genuine disputes about liability. However, it should not be construed to mean that the Tribunal cannot entertain disputes on conduct of tax authorities.

The provisions of Part VI or the Third Schedule to the JRBA do not expressly suspend the statutory timelines for the dispute of tax assessments issued against a person in sections 40 - 43 of the NTAA and the Second Schedule to the JRBA. This follows that a tax payer who chooses to engage the Ombud with respect to how a tax assessment was reached unfairly, is still obliged to comply with the provisions set out by law to challenge the assessment amount. A tax payer who waits for the Ombud while the the 30-day objection or appeal period runs, risks an assessment becoming final. This is the most practical hazard in the new system and it should be approached with caution and diligence.

6. Assessment of the strengths and risks of the Office of the Ombud

The strengths are real and discernible. Their services are free and designed for access through digital channels and a toll-free line, which matters to taxpayers who cannot fund litigation. The power to institute proceedings on behalf of taxpayers is also important for complainants with limited resources, though the dynamics of that power in operation are yet to be tested. The statutory timelines for its investigation and recommendation are short compared with the Tribunal's duration. The Ombud has real investigative powers and a systemic mandate to report on emerging issues, which can feed policy correction. The JRBA applies throughout Nigeria extending the reach of the Ombud to address state and local revenue conduct as well as federal. It services can also be viewed as a remedy where the NTAA gives no appeal against information requests or audit delays.

The risks are equally clear. Enforcement of the Ombud's recommendations are solely reliant on legislative referral. If tax agencies treat recommendations as optional, the Ombud's value rests on reputation and relationships which may cause taxpayers to lose faith and reliance on the outcomes of the Ombud. The perceived independence of the Ombud also invites scrutiny because, while **sections 41(1)(a) and 42(b) of the JRBA** demand the independence and impartiality of the Ombud, the

President appoints the Ombud on the Minister's recommendation. He may also remove the Ombud on public interest grounds and the Office is funded by appropriation. There is also the inherent risk of taxpayers trying to frame substantive assessment disputes as administrative failures to avoid the formal prescribed route, despite the JRBA explicitly attempting to prevent this by **section 43(a) and (c).**

7. Practical Guidance for Taxpayers and Advisers

- Classify the problem. If the dispute is about the amount of tax, use tax objection and appeal, or settlement. If it is about delay, conduct, procedure or service, the Ombud is the right forum. Where both are present, run them in parallel but keep them distinct.
- Monitor the statutory clocks. Diarize the 30-day objection period, the tax authority's 90-day response window (after which the objection is upheld) and the 30-day appeal period. Because an Ombud complaint does not stop these periods, never treat it as a substitute for a protective objection or appeal.
- Raise the issue with the tax agency and document it. The Ombud takes complaints only where the issue is unresolved by the relevant agencies, so keep dated copies of requests, reminders and responses.
- Lodge a clear complaint. Where you decide the engage the Ombud, set out the chronology of events, the agency and officer involved, the documents relied on and the remedy sought. Misleading complaints may be struck out and malicious misrepresentation of a criminal nature may be referred to law enforcement.
- Representatives must attend when asked and must not obstruct or prejudice the matter. Non-compliance can lead to the complaint being deemed resolved against that party. Since the Act contemplates an investigation within 14 days, extendable by seven, prepare documents or evidence in advance.
- Track the response. The tax agency must report within 21 days of receiving recommendations from the Ombud, giving reasons if it does not comply. If it does not act, the Ombud is to refer the matter to the legislature.
- Use settlement route for liability disputes. Where the question is the value of tax computed against a tax payer, consider a written settlement agreement under the NTAA. If you are already before the Tribunal, ask for the settlement window at the first hearing. Take care to have the terms reviewed carefully because a signed agreement is final and enforceable as a tax debt.

6. Conclusion

The Office of the Tax Ombud is a meaningful addition to Nigeria's tax dispute architecture. It gives taxpayers and authorities a free, fast and non-adjudicative channel to resolve tax assessment complaints and it has been deliberately placed beside the Tribunal rather than in front of it. However, the shift toward mediation will be judged by results, not design. The questions that really matter are whether recommendations of the Ombud will be followed, whether state revenue bodies engage honestly, whether the line between administrative complaints and substantive disputes remain clear and whether the statutory clocks are made clearer and the statutory timelines are strictly observed, to accommodate procedural complaints while pursuing formal tax objections. The Ombud is a useful early tool, which should be used in parallel with and never at the expense of, the formal objection and appeal process for taxpayers.

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