



# EVALUATING NIGERIA'S NEW TAX REFORM AND ITS IMPACT ON FISCAL SUSTAINABILITY THROUGH NEW PUBLIC MANAGEMENT

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## Abstract

Achieving fiscal sustainability is a perennial challenge for many developing countries, including Nigeria. In response to this challenge, Nigeria has introduced a new tax reform aimed at promoting fiscal sustainability and ease of doing business. This study evaluates Nigeria's new tax reform through the lens of New Public Management (NPM) principles and assesses its impact on the Nigerian ecosystem. Using a qualitative content analytic approach, this study examines the design and implementation of the new tax reform, its alignment with NPM principles, and its potential impacts on the Nigerian ecosystem. The key findings revealed that the new tax reform is promising in promoting fiscal sustainability and easing business operations in Nigeria. The reform's design and implementation align with NPM principles, such as efficiency, effectiveness, and accountability. The study further identifies potential challenges and opportunities for improvement, including the need for enhanced taxpayer education and streamlined tax administration processes. The findings of this study provide insights into the effectiveness of the new tax reform in achieving fiscal sustainability and promoting a healthy ecosystem. The study's results have implications for policymakers, tax administrators, and stakeholders interested in promoting fiscal sustainability and healthy ecosystem in Nigeria and other developing countries. The study contributes to the existing literature on New Public Management, tax reform, and ecosystem analysis, and provides recommendations for improving the design and implementation of tax reforms to achieve fiscal sustainability and promote ecosystem health.

**Keywords:** New public management, fiscal sustainability, tax reform, ecosystem analysis, Nigeria

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## 1. Introduction

A major challenge for many emerging nations, including Nigeria, is fiscal sustainability (Odumu, 2025). The nation faces severe budgetary challenges due to its reliance on oil revenue, which has made it susceptible to fluctuations in the price of oil globally (Pradhan, 2019). Despite initiatives to enhance tax administration and revenue mobilization, Nigeria's fiscal environment is still marked by revenue volatility, ineffective tax structures, and slow economic growth (Amadi-Robert, 2025). The country has experienced severe budgetary constraints in recent years, including dwindling revenue, growing debt, and widening budget deficits. In order to tackle these issues, the Nigerian government has launched a new tax reform that aims to facilitate corporate transactions and promote fiscal

sustainability (Odumu, 2025). The introduction of a new tax reform aimed at promoting fiscal sustainability and ease of doing business presents an opportunity to address these challenges. Signed into law on June 26, 2025, Nigeria's new tax reform aims to promote fiscal sustainability and ease of doing business. It is anticipated to have a significant impact on the country's tax revenue, with the federal government aiming for N50 trillion in tax revenue, which would raise Nigeria's tax-to-GDP ratio from the current 13% to 18-20% (Odumu, 2025). The reform also provides relief for low-income earners, exempting individuals earning up to ₦800, 000 annually from personal income tax. Additionally, small businesses with yearly sales of N50 million or less are not subject to company income tax. The reform maintains the 7.5% VAT rate while introducing a new formula for VAT sharing: 60% goes to the state where consumption takes place, 20% is allocated according to population, and 20% is distributed equally among all states. On January 1, 2026, the new tax laws will go into effect, giving time for their correct implementation and synchronization with the national fiscal calendar (Chamba, 2025).

The objective of the reform is to enhance revenue collection, decrease tax evasion, and improve tax administration (Afonso, Alves, & Coelho, 2024). The reform's influence on the Nigerian ecosystem and its conformity to global best practices, however, will determine its success. Therefore, the New Public Management (NPM) principles provide an effective framework for assessing the new tax reform. In public sector management, NPM highlights the significance of effectiveness, efficiency, accountability, and customer orientation (Christensen & Laegreid, 2022). This study intends to analyze the new tax reform's design and implementation, as well as its effects on the Nigerian ecosystem by utilizing NPM principles (Hayati & Aviana, 2021). The need to evaluate how well Nigeria's recent tax reform is working to achieve fiscal sustainability and support a healthy ecosystem motivated this study. By assessing the reform's conception and execution through the lens of the NPM framework, this study seeks to shed light on the reform's potential advantages and disadvantages and identify areas for improvement. This is particularly relevant given that the majority of the existing literature on tax reforms in developing nations has concentrated on how tax laws affect economic growth, tax compliance, revenue mobilization and generation (Agbo, 2024). Within the Nigerian context, no study has been conducted to assess tax reform design and implementation from the perspective of New Public Management (NPM) principles, which place an emphasis on accountability, efficiency, and effectiveness in public administration (Olawuyi., Oluwabukola & Rachael, 2025). Furthermore, insufficient research has been conducted on how tax reforms might affect the larger ecosystem, such as the business climate and economic growth (Igbinenikaro, & Adewusi, 2024).

Against the above background, it is imperative to note that the intricate interactions of natural, social, and economic elements define a country's ecosystem (Nembe & Idemudia,

2024). Many stakeholders, such as taxpayers, corporations, governmental bodies, and civil society organizations, have an impact on the ecosystem (Olawuyi, Oluwabukola & Rachael, 2025). Therefore, any attempt geared toward an objective assessment of the new tax reform must take into cognizance its possible effects on the ecosystem as a whole. Thus, this study seeks to add to the body of existing knowledge on NPM, tax reform, and ecosystem analysis by providing a thorough assessment of Nigeria's recent tax reform using the following research questions: How do the tenets of New Public administration (NPM), which place an emphasis on effectiveness, efficiency, accountability, and customer orientation in the administration of the public sector, relate to Nigeria's recent tax reform? What possible effects can the recent tax reform have on Nigeria's ecosystem its social, economic, and environmental systems—and how might these effects be minimized or maximized? What lessons can be drawn for upcoming tax reform initiatives, and how can the current tax reform be assessed in terms of how well it achieves fiscal sustainability and fosters a robust Nigerian ecosystem?

## **2. Literature Review**

President Bola Ahmed Tinubu of Nigeria recently introduced a new tax reform that attempts to improve the effectiveness and efficiency of the nation's tax structure. The Nigerian Tax Bill, Nigeria Tax Administration Bill, Nigeria Revenue Board Bill, and Nigeria Revenue Service Bill are the four bills that make up the reform (Igbinenikaro & Adewusi, 2024). In this reform, employees making ₦800,000 or less a year will not be required to pay taxes, while small enterprises with an annual turnover of ₦50 million or less will not be subjected to income tax. According to Osinuga, Raji, Asiyanbi and Fadahunsi (2025), the reform also states that the corporate income tax rate will be lowered from 30% to 27.5% in 2025, and then to 25% in the years that follow. Rent, public transit, and renewable energy will be excluded from Value Added Tax (VAT), while necessities like food, healthcare, and education would be zero-rated. Tax credits for VAT paid on assets and costs incurred to create taxable products and services will be given to businesses. By creating a single, unified tax legislation, and simplifying the current tax structure, the reform seeks to streamline tax administration in the country (Udejaja, Yusuf & Offum, 2025).

Nigeria's recent tax reform has important ramifications for fiscal federalism. By eliminating the nationally regulated Value Added Tax (VAT) system and giving state governments jurisdiction over its collection and administration, the reform seeks to decentralize authority and encourage fiscal autonomy among state governments (Occhiali, Kangave & Khan, 2025). The amendment would provide states the authority to create their own VAT laws that are specific to their particular economic situations, thereby boosting the local economies. States are urged to pinpoint and develop their own sources of income. A more favorable atmosphere for a variety of revenue streams can be established by

making investments in infrastructure, education, and skill development that align with each state's advantages. Additionally, states will be given the tools and resources they need to efficiently collect taxes locally. To do this, money must be spent on anti-corruption initiatives, technology, and training (Oji & Ezech, 2025).

The Federal Government should focus on its primary constitutional duties, including defense, foreign policy, national security, and interstate commerce regulation. Revenue distribution ought to be in line with the aforementioned role to guarantee financing for necessary operations. By encouraging state-level income diversification, decentralizing power, and fostering fiscal autonomy, the reform is anticipated to improve Nigeria's economy by fostering fiscal federalism, making it more business-friendly, and boosting tax compliance. However, some opponents contend that the change would make already-existing regional economic inequities worse, especially in light of the suggested VAT revenue-sharing mechanism (Gado, 2025). All things considered, Nigeria's recent tax reform is an important step in the right direction toward a more effective and efficient tax structure, but putting it into practice will require to carefully weigh the prospects and potential obstacles.

### **The Imperative of Tax Reform, Fiscal Sustainability and NPM in Nigeria**

Being a resource-dependent economy, Nigeria has long struggled with one of the lowest tax-to-GDP ratios in the world (Clift, 2024). The nation's fiscal position is now susceptible to external shocks due to its excessive reliance on erratic oil revenue, endangering its long-term viability (Olawuyi, & Oluwabukola, 2025). The literature emphasizes that historically, the government's capacity to produce enough domestic revenue to finance vital public services and infrastructure has been limited by a low tax base, a sizable informal sector, and inadequate tax administration (Clift, 2024). Nigerian governments have enacted a number of tax reforms in response to these issues. Many people consider the recent reforms, which were enshrined in a new set of laws that included the Nigeria Tax Act (NTA), the Nigeria Revenue Service (Establishment) Act, and the Joint Revenue Board (Establishment) Act, to be a daring and revolutionary move (Olawuyi & Oluwabukola, 2025). The goals of these reforms are to modernize tax administration, increase the tax base, and simplify the tax system. The main aim of these reforms as established in the literature are to lessen fragmentation and facilitate compliance, the new tax laws repeal and combine a number of antiquated federal tax laws into a single, cohesive statute (Ocampo, 2025). To boost economic activity and promote formalization, the reforms offer tax exemptions and lower rates for small and medium-sized businesses (SMEs) (Ocampo, 2025). Policies like VAT remittance requirements for non-resident suppliers and taxes on digital and virtual assets are intended to include a greater variety of economic activity in the tax base (Nembe & Idemudia, 2024). The creation of a Joint Revenue Board is an action to enhance coordination between the federal, state, and local

governments.

Enhancing fiscal sustainability, defined as a government's capacity to fund its spending and repay its debt without endangering its long-term solvency, is the main objective of these reforms (Mijinyawa, Ibrahim & Shagari, 2025). According to research on developing nations, tax reform and fiscal space are positively correlated, especially when combined with better governance and less corruption (Igwegbe & Eneh, 2024). This draws attention to a crucial connection: the institutional and administrative framework in which tax reforms are implemented has an impact on their efficacy in addition to the policy design.

To this end, Nigeria's new tax reform reflects the core principles of New Public Management (NPM), which has been a dominant theoretical framework for public sector reforms worldwide since the 1980s. The principles of NPM, which include efficiency, performance management, customer-orientation, and the application of market-based techniques, have been selectively adopted in Nigeria's public service, including in its tax administration (Mijinyawa, Ibrahim & Shagari, 2025).

One obvious example of NPM is the establishment of the Nigeria Revenue Service (NRS), a more independent and technologically sophisticated organization that replaced the previous Federal Inland Revenue Service (FIRS). Professionalizing tax administration, granting managers more latitude, and concentrating on reaching measurable performance goals, such as increasing the tax-to-GDP ratio, are the goals of this institutional reform. Digital platforms, such as Tax Pro-Max and the establishment of a Tax Ombudsman and Appeal Tribunal, are intended to strengthen service delivery, lower administrative barriers, and improve the "customer experience" of taxpayers. The reforms are framed as a way to make tax compliance easy for both individuals and businesses in line with the NPM principle of treating citizens as "customers" (Mijinyawa, Ibrahim & Shagari, 2025). The new reforms' main components are data sharing, digital tax filing, and e-invoicing. The use of technology is a traditional NPM tactic to boost productivity, decrease human involvement, and fight corruption, which is a significant barrier to Nigerian tax collection (Igwegbe & Eneh, 2024).

Although NPM reforms have the potential to increase efficiency and service delivery, their success is frequently limited by contextual factors, according to the literature on NPM in Nigeria and other developing nations. The market-based, "business-like" approach of NPM, according to its detractors, can be challenging to apply in a setting marked by a broken social contract, corrupt practices, and weak institutions. The difficulty for Nigeria is in shifting the public's perception of taxes as "extraction" to a reciprocal relationship in which their contributions are converted into public goods and services.

## **Empirical Review**

With an emphasis on the implementation of the Tax Identification Number (TIN) system, Adekunle and Igbekele (2013) investigated how tax reforms affected Nigeria's ability to generate revenue. The study examined revenue data from 2000 to 2012, and conducted a comparative analysis between pre- and post-TIN implementation. The results showed that tax revenue increased significantly after TIN was implemented, with the Federal Inland Revenue Service (FIRS) reporting an average annual growth rate of 8.2%. The study found issues like the incomplete taxpayer database and technical hiccups in the TIN system, but it also suggested that the TIN system be further improved and that taxpayer education be continued in order to maintain the reform's benefits. The researchers credited this improvement to improved taxpayer compliance and better tracking of taxable entities. By emphasizing the value of technological innovation in tax administration for enhancing revenue generation in Nigeria, the study added to the body of literature. Babatunde and Alade (2014) looked into how Nigeria's revenue generation was affected by the Value Added Tax (VAT) reform. Their research concentrated on the years 2004–2013 when the VAT Act underwent a number of changes, such as rate adjustments and tax base expansion. The study discovered a positive relationship between revenue growth and VAT reforms using econometric modeling.

Agbo and Oluwaseun (2015) investigated how tax reforms affected Nigeria's non-oil revenue generation. The study looked at reforms like the implementation of electronic filing and the automation of tax collection procedures from 2005 to 2014. The authors employed a mixed-method approach, integrating qualitative interviews with tax officials with quantitative analysis of revenue data. The results showed that non-oil tax revenue increased significantly, especially in the segment related to customs and excise duties, which grew by 15% a year following the reforms. The study found that although taxes affected the generation of non-oil revenue, resolving infrastructure and capacity issues would be crucial for long-term revenue growth. The researchers emphasized that automation decreased manual errors and increased efficiency in tax collection, but they also noted that the lack of proper infrastructure and skilled personnel limited the full potential of these reforms.

Adeoye and Emmanuel (2020) evaluated how tax reforms affected Nigeria's non-oil revenue generation. The study concentrated on the implementation of the Taxpayer Identification Number (TIN), and the extension of the tax base by incorporating sectors that were previously exempt from taxes. Descriptive analysis of revenue data from 2010 to 2019 was used by the researchers. According to the study, non-oil tax revenue increased significantly, especially in the Value Added Tax (VAT) and Company Income Tax (CIT) segments, which grew by 11% and 7% annually, respectively. The expansion of the tax

base also helped the government generate a more diverse and expansive revenue stream. According to the study's findings, tax reforms had a positive effect on non-oil revenue generation, but the authors noted that obstacles like tax evasion and administrative inefficiencies prevented these reforms from reaching their full potential. The study came to the conclusion that resolving these issues would be essential for long-term revenue growth.

The effect of tax reforms on the federal and state governments' revenue performance in Nigeria was investigated by Udefi, Ojeh, Nkwo and Ngwa (2021). The 2019 Finance Act, which significantly altered the tax structure by raising VAT from 5% to 7.5%, was the main subject of the study. Investigating the period between 2015 and 2020, the authors employed a panel data analysis of revenue data from the Federal Capital Territory (FCT) and 36 states. With an average annual growth rate of 14%, the results showed a significant increase in VAT revenue after the Finance Act was put into effect. The study also discovered that both the federal and state governments' overall revenue performance improved as a result of the reforms. Nonetheless, the authors pointed out that the new tax laws' successful execution and enforcement were essential to the reforms' success. To make sure that the advantages of the reforms are maintained, the study suggested ongoing assessment and monitoring of the tax system.

Chamba (2025) looked into how tax reforms affected Nigeria's ability to generate revenue, with a particular emphasis on how tax incentives supported economic expansion. The study examined how tax incentives included in the 2020 Finance Act affected economic growth and revenue generation. Regression analysis of data from 2010 to 2022 revealed that tax incentives had a favorable effect on economic growth, with a 6% rise in GDP following the Finance Act's implementation. However, the study also discovered that many businesses continued to take advantage of tax system loopholes in order to reduce their tax obligations. This means that the GDP growth did not result in a notable increase in tax revenue. The authors came to the conclusion that although tax incentives have the potential to stimulate economic growth, their contribution to revenue generation requires careful planning and strong tax administration. The study offered insightful information about Nigeria's difficulties in striking a balance between revenue-generation goals and tax incentives.

Notwithstanding the significant contributions these studies have offered, there is still a research gap in the following areas: the design, implementation, and possible effects on the business environment, economic development, and fiscal sustainability of Nigeria's recent tax reform have not been assessed in any of the studies that are currently available. The effectiveness of Nigeria's recent tax reform in attaining fiscal sustainability and fostering ecosystem health has not been assessed by any study using NPM principles and ecosystem theories. By assessing Nigeria's recent tax reform and its effects on the

ecosystem using NPM principles and ecosystem theories as a framework, this study seeks to close this research gap. In doing so, this study will highlight areas for improvement and offer insights into how effective the new tax reform is.

### **3. Conceptual Clarification**

#### **Fiscal Sustainability**

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Fiscal sustainability refers to a government's ability to maintain a stable and sustainable fiscal position over time, thereby ensuring the long-term robustness and health of its economy. It involves managing public finances in a manner that mitigates risks, balances competing priorities, and ensures that the government's budget remains balanced, its debt stays under control, and its revenue sources remain stable and sustainable (Buiter, 2003). Achieving fiscal sustainability requires a forward-looking approach to fiscal management that accounts for the potential impacts of demographic changes, economic shocks, and other external factors on government finances. This includes maintaining a balanced budget with revenues sufficient to cover expenditures, avoiding persistent deficits that could threaten fiscal stability, and diversifying revenue streams to reduce dependence on a single income source, such as commodities or oil. It also involves ensuring that public debt remains manageable and sustainable, supported by a clear debt repayment plan and a commitment to avoid excessive borrowing. Furthermore, fiscal sustainability demands prudent expenditure management focused on critical sectors such as infrastructure, healthcare, and education, alongside efforts to eliminate wasteful or inefficient spending (Burnside, 2006).

By maintaining a stable and sustainable fiscal position, governments can encourage economic growth by investing in priority areas like infrastructure, healthcare, and education. They can also encourage economic growth through job creation. Fiscal sustainability is essential for attaining economic stability, fostering economic growth, and reducing poverty (Afonso, 2005). Governments could mitigate poverty and advance more equality by focusing spending on initiatives that reduce poverty and investing in human capital. Governments can guarantee economic stability and lower the risk of economic shocks by controlling debt, keeping a balanced budget, and diversifying their sources of income (Rose, 2010). A government must take a forward-looking approach to fiscal management in order to achieve fiscal sustainability, which is a crucial aspect of economic management. This approach must balance conflicting priorities, control risks, and make sure that the government's debt is manageable, its budget is balanced, and its revenue streams are steady and sustainable.

#### **New Public Management**



By incorporating management strategies from the corporate sector, New Public Management (NPM) aims to revolutionize the public sector. By implementing market-based reforms, decentralization, and customer orientation, NPM seeks to rejuvenate public services and improve their efficacy, efficiency, and accountability (Indahsari & Raharja, 2020). The four core principles of efficiency that drive NPM include maximizing output, minimizing input, maximizing resource usage, and minimizing waste. In order to ensure that public services provide people and consumers with palpable advantages, effectiveness means attaining desired results and impacts. Customer orientation and accountability contribute to the development of trust and confidence in government institutions (Islam, 2015). The former concentrates on the needs and satisfaction of citizens and customers in order to provide individualized and responsive public services. The latter implies guaranteeing transparency and responsibility in public decision-making.

NPM is defined by the decentralization principle, which involves giving decision-making power and accountability to lower governmental levels or independent entities. The goal of the marketization principle is to bring competition and market mechanisms to the delivery of public services. The principles of flexibility and adaptability are intended to promote innovation, experimentation, and learning within public organizations, while the performance measurement principle is focused on creating precise performance indicators and benchmarks to assess the efficacy and efficiency of public services (Gruening, 2001). Among the many advantages of implementing NPM practices and principles are cost savings, improved productivity, simpler procedures, enhanced citizen satisfaction, better results, higher-quality services, stronger public trust, enhanced governance, increased openness, and more individualized, responsive, and citizen-focused governmental services (Hyndman & Lapsley, 2016). Public sector organizations can enhance their performance, change their operations, and provide residents and customers with better value by adopting NPM concepts and practices.

### **Tax Reform**

A thorough revision of a nation's tax structure with the goal of improving its sustainability, equity, efficiency, and simplicity is referred to as tax reform (Rao, 2000). In order to maximize tax laws, policies, and administration, tax reform entails a careful analysis of the current tax structure, the identification of areas for improvement, and the implementation of modifications. A wide range of modifications can be included in tax reforms, such as modifying tax rates to guarantee equity, competitiveness, and adequate revenue; increasing or decreasing the tax base in order to close gaps, cut down on exemptions, and advance equity; reforming tax administration to increase effectiveness, transparency, and taxpayer compliance; and reviewing and simplifying tax exemptions to reduce revenue loss and guarantee equity (Desai & Hines, 2003). Promoting a business-friendly atmosphere, attracting investment, and accelerating economic growth are the

main objectives of tax reform. It is essential to put in place a progressive tax structure that fosters social fairness and lessens wealth disparity. Aside this, there is need to increase revenue collection to pay for public goods and services, lower debt, and maintain fiscal sustainability. To guarantee justice and equity in the tax system, it is imperative to close tax loopholes, cut exemptions, and encourage transparency (Aaron & Galper, 2010).

By streamlining and introducing features of efficiency in the tax system, successful tax reform can result in a number of advantages, including increased economic competitiveness. This can draw in foreign investment, encourage trade, and boost economic competitiveness. Additionally, a well-thought-out tax structure can guarantee fiscal sustainability, lower debt, and boost income. Poverty can be lessened, social justice can be advanced, and income disparity can be decreased with a progressive tax system. Accordingly, tax reform can encourage accountability, openness, and sound governance in the field of tax administration (Aaron & Gale, 2010). Governments may establish a fair, effective, and sustainable tax system that fosters economic expansion, lowers poverty, and boosts government revenue by adopting comprehensive tax reform.

## **Ecosystem**

The complex relationships between environmental, social, and economic elements that impact a nation's or region's well-being are referred to in this context as the ecosystem (Murcia *et al.*, 2014). There are two main parts of the ecosystem. The first are the economic systems, which comprise the markets, industries, and institutions. These systems propel economic expansion, job creation, and revenue production. They also generate employment, foster innovation, and supply necessities. The second are the social systems. Communities, organizations, and social networks are all part of the social systems of a society (Pradhan, 2019). These systems have an impact on the environment, which includes ecosystems, natural resources, and environmental services that sustain life on Earth, as well as social cohesiveness, cultural heritage, education, healthcare, and general quality of life. Along with natural resources like forests, fisheries, and minerals, the systems offer vital services including soil formation, climate management, and the purification of air and water (Costanza & Mageau, 1999). A variety of stakeholders, including governments, corporations, civil society organizations, and individuals, have an impact on the ecosystem. A thorough comprehension of these intricate relationships and the capacity to successfully manage them are necessary to achieve financial sustainability and to support a healthy ecosystem.

## **Theoretical Framework**

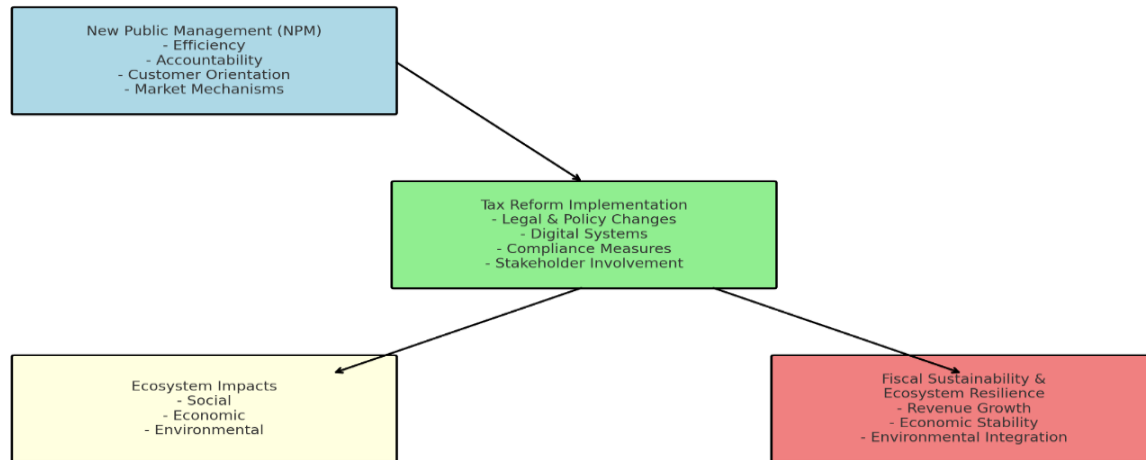
A theoretical framework that integrates the Ecosystem Approach and New Public Management (NPM) theory serves as the foundation for this study. When considering

Nigeria's tax reform, the Ecosystem Approach offers a prism through which to view how social, economic, and environmental systems are interconnected (Pavlikakis, & Tsihrintzis, 2025). This approach highlights the importance of taking into account the larger ecosystem and the possible effects of tax reforms on different stakeholders, such as individuals, companies, and governmental organizations. While on its part, NPM theory provides a framework that evaluates the design and execution of tax reforms in Nigeria. NPM highlights the significance of accountability, efficacy, and efficiency in public administration, all of which are essential elements of a successful tax reform (Bhul, 2023). The Ecosystem Approach and NPM theory are integrated in this paper to offer a thorough comprehension of how Nigeria's recent tax reform affects the ecosystem. The following elements make up the framework:

1. Ecosystem Context: This element takes into account the larger ecosystem as well as the possible effects of tax reforms on different stakeholders.
2. NPM Principles: the NPM principles of accountability, efficacy, and efficiency are used to assess the planning and execution of tax reforms.
3. Tax Reform Outcomes: This section evaluates the tax reform's effects on ecosystem health, economic growth, and revenue generation.

Against this theoretical framework, the following assertions are therefore advanced: first, the goals of a tax reform are likely to be more successfully attained if it is planned and carried out using NPM principles. Secondly, the ecosystem is likely to benefit more from a tax reform that considers the larger ecosystem and the possible effects on different stakeholders.

### **Figure 1.1 Conceptual Framework**



The relationship between Nigeria's tax reform and New Public Management (NPM) and its expected effects on fiscal sustainability and the larger ecosystem is graphically mapped in the above conceptual framework. It acts as a guide for the study, directing the examination from theoretical foundations to real-world applications.

### ***New Public Management (NPM)***

This stands for the study's theoretical underpinnings. It presents the fundamental principles of New Public Management (NPM) that are pertinent to the study of tax reform. The principles support a more businesslike approach to government and have gained a global acceptance in public administration. The framework emphasizes four fundamental tenants: *Efficiency*: The desire to provide public services as cheaply as possible, frequently by using technology and streamlined procedures.

*Accountability*: To guarantee that public sector organizations are held responsible for their results, explicit performance metrics and results-based management must be established.

*Customer Orientation*: This is the change considers citizens not just as passive consumers of services but as active "customers" whose needs and happiness are of utmost importance.

*Market mechanisms*: This refers to the application of incentives, competition, and private-sector methods to enhance the provision of public services. These tenets are not just abstract ideas; they are the lens through which the tax reform is evaluated. The framework posits that the design and implementation of the tax reform are heavily influenced by these NPM principles.

### **Tax Reform Implementation**

The study's action and policy-level component is represented by this central box. It is the main focus of the study and a direct result in thought that is influenced by the NPM. The framework divides the tax reform's implementation into the following important sub-components:

**Legal and Policy Changes:** These are the new laws, rules, and institutional structures that make up the reform (e.g., the Nigeria Tax Act, the establishment of the NRS).

**Digital Systems:** This emphasizes how important technology is to attaining efficiency and accountability (e.g., e-invoicing, digital tax filing).

**Compliance Measures:** Mechanisms like increased enforcement, fines, and new reporting requirements are examples of compliance measures, which are intended to increase tax collection.

**Stakeholder Involvement:** This recognizes that the cooperation and reaction of multiple groups, such as government organizations, corporations, and individual taxpayers, are essential to the reform's success. The arrow connecting this box to the NPM box shows a clear relationship: the details of the tax reform's design and implementation are influenced by and informed by the NPM principles.

### ***Ecosystem Impacts***

One of the two main outcomes that will be examined is represented by this box. It takes into account the wider, interrelated impacts of the tax reform on Nigeria's "ecosystem," going beyond a strictly fiscal analysis. The framework divides these effects into three main categories:

**Social:** This includes the impact on wealth distribution, social equity, public trust in the government, and the general social contract between the state and its citizens. Do the reforms, for example, make inequality better or worse?

**Economic:** This includes the effects on the overall economy, such as inflation, job creation, foreign investment, and business growth, particularly for SMEs. Are economic activities stimulated or stifled by the reforms?

**Environmental:** This dimension describes how the new tax system may affect environmental behaviors, even though it is frequently less stated in tax reform. For instance, does it obliquely promote environmentally damaging activities or does it offer incentives for sustainable practices?

The arrow pointing from the "Tax Reform Implementation" box to this one indicates that the social, economic, and environmental systems will be directly impacted by how the reform is implemented.

## **Fiscal Sustainability and Ecosystem Resilience**

This box represents the second major outcome and the ultimate goal of the reforms. It is the destination of the entire conceptual process. This box is closely linked to the "Ecosystem Impacts" box, as true sustainability and resilience require a healthy ecosystem. The framework identifies key indicators for this outcome:

*Revenue Growth:* The most obvious indicator of the reform's effectiveness is revenue growth, which shows a rise in tax revenue and a higher tax-to-GDP ratio.

*Economic Stability:* This refers to the government's capacity to pay its debts and cover its expenses without turning to unsustainable borrowing, which maintains a stable economy.

*Environmental Integration:* This describes how much the new fiscal system encourages and supports environmental objectives in order to maintain the ecosystem's long-term resilience.

The implementation has two effects, as shown by the arrows that point from the "Tax Reform Implementation" box to the "Ecosystem Impacts" and "Fiscal Sustainability" boxes. The study will look into how the implementation impacts the ecosystem and promotes fiscal sustainability at the same time. According to the implied relationship between the ecosystem impact and fiscal sustainability, attaining fiscal sustainability requires a positive ecosystem impact, such as a thriving economy.

## **4. Research Methodology**

This study employed a descriptive and analytical research design to examine the impact of Nigeria's recent tax reform on fiscal sustainability and ecosystem health. The study used a content analytical approach, collecting secondary data from existing reports and literature.

### *Data Sources*

The study used a range of secondary data sources, including peer-reviewed papers, government publications and reports the World Bank, the International Monetary Fund (IMF), the African Development Bank, the Federal Inland Revenue Service (FIRS), Ministry of Finance, and Budget and National Planning departments of the Nigerian government. Trustworthy websites and databases, such as the International Financial Statistics (IFS) of the IMF and the World Bank's World Development Indicators (WDI) were accessed for data retrieval. These data sources were selected because they provide a comprehensive and reliable understanding of Nigeria's tax reform, fiscal sustainability, and ecosystem health. The sources are also relevant to the research questions and NPM framework.

### *Data Analysis*

The paper employed thematic content analysis to examine key themes emerging from

policy documents, scholarly articles, and fiscal reports. This method enables the identification of policy intent, institutional reform trends, and NPM-aligned features within the tax reform process. The data was coded based on NPM principles, such as Efficiency, Accountability and Customer Orientation. The coded data was analyzed in relation to fiscal sustainability indicators and ecosystem impacts, to provide a comprehensive understanding of the tax reform's impact. The analysis involved the utilization of a systematic and transparent approach. The findings were interpreted in relation to the research questions and NPM framework, and insights on the impact of the tax reform on fiscal sustainability and ecosystem health were provided.

## 5. Results and Discussion

### **The Nexus between the New Tax Reform and NPM Principles**

The New Public Management (NPM) tenets are connected to Nigeria's recent tax overhaul in multiple ways. The efficiency tenant, which seeks to simplify tax administration by establishing a single, unified tax legislation and lowering the complexity of the existing tax system, is one of the important connections (Shikabi, 2025). By creating tax incentives and streamlining tax processes, the reform also seeks to lower taxpayers' compliance expenses. Since it seeks to increase tax revenue collection through the implementation of policies such as tax exemptions for small firms, and lowering of tax rates for corporations, the reform has a close connection to the NPM tenant of effectiveness. By implementing policies like tax incentives and streamlined tax processes, the reform also encourages accountability and openness (Elatmani & El Kadiri, 2025). By making clear the obligations of both individuals and tax officials, the change also encourages accountability. By tying tax revenue collection to performance goals, it also adds performance-based management. The customer orientation principle, which brings a taxpayer-centric approach by streamlining tax procedures and lowering compliance costs, is another NPM tenet that is evident from the reform (Terlizzi & Esposito, 2023). By implementing policies like tax incentives and streamlined tax processes, the reform also seeks to enhance taxpayer services.

Insofar as the reform seeks to decentralize tax administration through the implementation of policies like tax credits and streamlined tax processes, decentralization and participation are also essential components. By implementing strategies such as stakeholder engagement and public consultations, the reform encourages stakeholder participation. The new tax reform in Nigeria seeks to establish a more effective, efficient, and responsible tax system that fosters economic growth and development by conforming to NPM principles (Goldfinch & Halligan, 2024). In multiple respects, Nigeria's recent tax reform is consistent with the New Public Management (NPM) tenets. The reform seeks to accomplish the fundamental NPM principles of efficiency and effectiveness by

streamlining tax administration, cutting down on red tape, and encouraging electronic filing and payment methods. By implementing policies like tax return disclosure, whistleblower protection, and an independent tax ombudsman, the reform also advances accountability and transparency, two fundamental NPM tenets (Bhul, 2023). It is anticipated that greater accountability and openness will lessen corruption and enhance tax compliance. Additionally, NPM's emphasis on citizen-centered service delivery is in line with the reform's emphasis on customer orientation. Measures to enhance taxpayer services are introduced under the reform, including streamlined tax processes, better customer support, and lower tax loads for low-income households and small enterprises. The reform's Decentralization and Participation components also clearly demonstrate adherence to NPM principles. By giving state governments control for tax administration, the reform encourages decentralization and engagement from all parties involved, including taxpayers, corporations, and civil society organizations (Bel & Casula, 2024). The new tax reform in Nigeria, which aims to strengthen efficiency, effectiveness, accountability, transparency, customer orientation, decentralization, and participation, shows a commitment to NPM principles overall.

### **Impacts of the New Tax Reform on the Nigerian Ecosystem**

The potential impacts of the new tax reform on the Nigerian ecosystem are multifaceted and far-reaching. Here are some potential impacts on the economic, social, and environmental systems:

#### **Economic Impacts**

Increased revenue collection from the reform's focus on efficacy and efficiency in tax administration may be utilized to pay for infrastructure improvements and public services (Igbinenikaro & Adewusi, 2024). By streamlining tax processes and lowering tax costs, the change may enhance the business climate and encourage job creation and economic expansion. Since investors are drawn to nations with stable and predictable tax environments, the reform's promotion of openness and accountability may result in a rise in foreign investment (Ajeigbe, Ganda, & Enowkenwa, 2025).

#### **Social Impacts**

The reform's emphasis on reducing tax burdens for low-income households could reduce poverty and inequalities, encouraging equity and social justice (Nnamani et al., 2023). The quality of life for Nigerians may be enhanced by the reform's increased tax collection, which may be used to pay for better public services like healthcare, education, and infrastructure development (Raimi & Raimi, 2023). Since citizens are more likely to take part in the tax reform process and hold the government responsible for its actions, the reform's promotion of openness and accountability may boost civic engagement (Arinze et al., 2023).



## Environmental Impacts

Since businesses are encouraged to lessen their environmental impact, the implementation of environmental taxes under the reform may boost revenue collection and advance sustainable development (Nembe & Idemudia, 2024). As businesses adopt more ecologically friendly methods to lower their tax liability, the reform's emphasis on encouraging sustainable practices may result in less environmental deterioration (Ochinanwata, Igwe & Radicic, 2023). In addition to encouraging sustainable development and lowering environmental degradation, the reform's support of the growth of the green economy may result in the establishment of new businesses and employment possibilities (Ibadin & Oluwatuyi, 2021). With possible advantages for the social, economic, and environmental systems, the new tax reform could have a substantial overall impact on Nigeria's ecosystem. However, the effectiveness of the reform hinges on how well it is implemented and how any risks and problems are handled.

## The Negative Aspects of the New Tax Reform on the Ecosystem

There are a number of negative effect of Nigeria's recent tax change on different groups. A major worry is the increased tax burden, which could result in higher expenses for both individuals and enterprises as a result of the reform's introduction of new taxes and hikes to current ones (Ochinanwata, Igwe, & Radicic, 2023). The following constitute some of the anticipated negative impact of the new task reform:

*Regressive Taxation:* Since low-income households spend a greater percentage of their income on necessities, the reform's emphasis on consumption taxes, like VAT, may disproportionately impact them.

*Increased Cost of Living:* The reform's implementation of new taxes and hikes to current ones may result in increased pricing for products and services, which would lower consumers' purchasing power and raise living expenses (Nembe & Idemudia, 2024).

*Negative Effect on Small firms:* The reform adds other taxes, such VAT, which may still have an impact on small firms' competitiveness and profitability, even though they are exempt from income tax if their yearly revenue is ₦50 million or less.

*Complexity and Uncertainty:* The new taxes, exemptions, and deductions brought about by the reform may cause taxpayers to feel confused and uncertain. This could result in non-compliance and conflicts with tax authorities.

An unfair distribution of the tax burden could result from the reform's focus on indirect taxes like VAT. This would place a disproportionate amount of the tax burden on lower-

income households (Olubiyi & Olaitan, 2025).

These drawbacks of Nigeria's recent tax reform emphasize the necessity of careful thought and preparation to lessen their effects and guarantee that the reform accomplishes its goals.

### **Evaluating Fiscal Sustainability and Ecosystem Health Indicators**

Nigeria's efforts to achieve fiscal sustainability and promote ecosystem health depend on a thorough understanding of the country's fiscal sustainability and ecosystem health indicators. There is thus the need for a comprehensive evaluation of these indicators. This analysis in this section is based on a review of existing literature and policy documents.

#### **Fiscal Sustainability Indicators**

Fiscal sustainability indicators provide a comprehensive framework for evaluating Nigeria's fiscal performance by identifying areas for improvement, and developing evidence-based policies to promote sustainable fiscal management.

##### *Revenue Collection*

By increasing tax revenue growth, improving the tax-to-GDP ratio, and diversifying income sources, Nigeria's recent tax reform seeks to revolutionize the nation's revenue collection environment. The three pillars of the reform's revenue collection strategy are improving the tax revenue growth rate, optimizing the tax-to-GDP ratio, and encouraging revenue diversification. They all work together to improve the nation's fiscal sustainability and resilience. The goal of the change is to raise the tax revenue growth rate by 10% a year. By 2025, the reform aims to achieve a 15% tax-to-GDP ratio (Mpofu, 2025). By raising non-oil revenue and enacting additional taxes, the reform encourages revenue diversification (Haladu et al., 2025). The targeted 10% annual increase in tax revenue growth rate will achieve a 15% tax-to-GDP ratio by 2025, and encourage revenue diversification through new taxes and non-oil revenue growth. To achieve sustainable revenue collection growth, the goal must be implemented effectively. Also, stakeholders must be engaged, and evaluation must be conducted.

##### *Budget Deficit*

Nigeria's new tax reform seeks to restore fiscal balance and ensure long-term sustainability by reducing the budget deficit and encouraging fiscal restraint. Since cutting the deficit-to-GDP ratio to 3% by 2025 necessitates the adoption of efficient fiscal discipline mechanisms in ways that will reduce wasteful expenditure and improve transparency, the reform's budget deficit strategy is connected with its fiscal discipline measures (Mpofu, 2025). By 2025, the plan seeks to bring the deficit-to-GDP ratio down to 3%. Reducing spending, increasing revenue, and managing debt are all necessary to get the deficit-to-GDP ratio down to 3% by 2025. By implementing policies to cut

unnecessary spending and improve transparency, the reform encourages fiscal restraint (Haladu et al., 2025). Strong institutional frameworks, such as budgeting and financial management systems, are necessary to promote fiscal discipline through decisions that cut unnecessary spending and boost transparency. For fiscal discipline measures to be implemented effectively, it is imperative to build strong institutional capacity. Such a decision calls for investments in infrastructure, technology, and human resources. The successful implementation of fiscal discipline measures, such as cutting wasteful spending and improving transparency, is essential to reaching a deficit-to-GDP ratio of 3% by 2025, according to a nuanced analysis of the reform's budget deficit strategy. This calls for strong institutional capacity, political will, and stakeholder engagement.

### *Debt Sustainability*

Nigeria's recent tax reform seeks to ensure debt sustainability and transparency by defining a target debt-to-GDP ratio, improving debt management practices, and promoting public access to debt information. The reform's debt sustainability strategy is tied to its debt management and transparency measures since achieving a debt-to-GDP ratio of 60% by 2025 requires both effective debt servicing and accumulation reduction as well as greater transparency in debt information. The plan calls for reaching a 60% debt-to-GDP ratio by 2025. To achieve a debt-to-GDP ratio of 60% by 2025, a combination of fiscal discipline, debt management strategies, and economic development is required. The reform promotes debt management by enacting measures to improve debt servicing and reduce debt accumulation (Haladu et al., 2025). Strong debt management frameworks that include procedures for recording, reporting, and tracking debt are required to enhance debt servicing and lower debt accumulation. The reform promotes openness by putting policies in place to increase public access to debt information (Mpofu, 2025). Strong debt management frameworks that include procedures for recording, reporting, and tracking debt are required to enhance debt servicing and lower debt accumulation. The reform promotes openness by putting policies in place to increase public access to debt information (Mpofu, Ibid).

### *Ecosystem Health Indicators*

The Nigerian ecosystem health indicators roadmap offers a crucial framework for assessing the nation's advancement toward sustainable development, pinpointing areas in need of development, and setting priorities for initiatives and interventions. These will enhance ecosystem resilience and well-being, and guarantee a robust and healthy ecosystem for coming generations.

### *Economic Growth*

In order to achieve a GDP growth rate of 7% per year and build a wealthier and inclusive economy, Nigeria's new tax reform aims to boost economic growth, encourage investment,

and lower unemployment. Since raising the GDP growth rate to 7% yearly necessitates enhancing the business climate, boosting investor confidence, and bringing the jobless rate down to 10% by 2025, the reform's investment promotion and unemployment reduction initiatives are intertwined with its economic growth plan. The goal of the reform is to raise GDP growth to 7% per year (Genty, 2025). A combination of structural improvements that enhance the business environment, investment promotion tactics, and fiscal policy adjustments is required to raise the GDP growth rate to 7% yearly. By implementing policies to enhance the business climate and boost investor confidence, the reform encourages investment (Ebenezer, 2025). Implementing policies to lower regulatory hurdles, upgrade infrastructure, and strengthen the rule of law is essential to improving the business climate and boosting investor confidence. By 2025, the reform aims to lower the jobless rate to 10% (Ebenezer, 2025). A comprehensive employment strategy that includes actions that encourage job creation, boost labor market flexibility, and improve education and training is necessary to bring the unemployment rate down to 10% by 2025.

### *Poverty Reduction*

With the ultimate goal of bringing poverty down to 20% by 2025 and fostering a more just and affluent society, Nigeria's new tax reform is intended to address both poverty and income disparity. Since raising access to healthcare, education, and sanitation is necessary to bring the poverty rate down to 20% by 2025, the reform's measures to reduce income inequality and expand access to basic services are intertwined with its strategy to reduce poverty. By 2025, the reform seeks to lower the poverty rate to 20% (Ebenezer, *ibid*). A mix of fiscal policy changes, social protection initiatives, and investments in human development to enhance economic prospects, healthcare, and education is needed to lower the poverty rate to 20% by 2025. By implementing policies to expand access to healthcare and education, the reform encourages the reduction of income inequality (Ebenezer, *ibid*). In order to reduce income disparity, policies that improve access to healthcare and education as well as economic possibilities for underprivileged populations, such as women, young people, and rural communities, must be implemented. According to Genty (2025), the reform aims to raise access to essential services, including as healthcare, education, and sanitation, to 80% by that year. A thorough examination of public service delivery frameworks, including funding, infrastructure, and human resources, is necessary to increase access to essential services, such as healthcare, education, and sanitation, to 80% by 2025.

### *Environmental Sustainability*

With the ultimate goals of lowering environmental degradation, encouraging natural resource management, and boosting investment in the green economy, Nigeria's new tax reform is intended to support environmental sustainability. Since lowering environmental degradation necessitates better resource extraction and waste reduction techniques as well

as raising investment in the green economy to 10% of GDP by 2025, the reform's environmental sustainability strategy is linked to its natural resource management and green economy investment measures. By implementing policies to encourage sustainable activities and boost investment in the green economy, the reform seeks to lessen environmental damage (Genty, 2025). Fiscal policy changes, environmental laws, and investments in environmentally friendly technologies, green transportation, and renewable energy sources are all necessary to slow down environmental deterioration. By implementing policies to enhance resource extraction and cut waste, the reform encourages the management of natural resources (Genty, 2025). Implementing policies to maximize resource extraction, cut waste, and support sustainable land use practices, such as reforestation, conservation, and sustainable agriculture, is essential to improving natural resource management. By 2025, the reform aims to raise investments in the green economy to 10% of GDP (Ebenezer, 2025). A thorough examination of investment frameworks, such as tax breaks, subsidies, and public-private partnerships, will encourage sustainable investments in eco-friendly technology, green infrastructure, and renewable energy if the goal of raising green economy investment to 10% of GDP by 2025 is to be met.

### **Discussions of Findings in Light of Previous Studies**

The findings of this study converge with past research on the importance of New Public Management (NPM) principles in public administration, particularly in the context of tax reform. Previous studies highlighted the significance of NPM tenets, such as effectiveness, efficiency, accountability, and customer orientation in improving public sector performance (Hood, 1991; Osborne & Gaebler, 1992; Christensen & Lægreid, 2016). Past research showed that NPM-inspired reforms can lead to improved revenue generation and reduced corruption (Harun, Mir, Carter & An, 2019). The findings of this study on the impact of Nigeria's tax reform on effectiveness and efficiency align with these results.

Previous studies emphasized the importance of clear performance metrics and results-based management in holding public agencies accountable (Ouda, 2015). This study's findings on the introduction of a more formalized and performance-driven structure for tax administration in Nigeria support these. Past research highlighted the importance of treating citizens as "customers" in public administration (Thomas, 2013). This study's findings on the introduction of measures aimed at improving the taxpayer experience in Nigeria, such as simplification of tax laws and increased exemption thresholds, also align with these results.

In terms of contribution to the body of knowledge, this study highlights the challenges of implementing NPM-inspired reforms in a developing country context, such as Nigeria, where there may be limited institutional capacity and a high level of corruption. The

challenges may not be as pronounced in more developed countries, where NPM reforms have been more successful. While past research emphasized the importance of environmental taxation (Bovenberg & Goulder, 2002; Delgado, Freire-González & Presno, 2022), this study highlights the potential for tax reforms to impact Nigeria's environmental ecosystem, even if environmental considerations are not a primary focus of the reforms. This study's findings provide valuable insights for future tax reform initiatives in Nigeria and other developing countries. Key lessons include the importance of sustained political will and institutional capacity in achieving fiscal sustainability and fostering a robust ecosystem and the need to design tax reforms that not only fill government coffers but also strengthen the social contract, promote economic diversification, and contribute to long-term environmental sustainability.

## **6. Conclusion and Recommendation**

Fiscal policy changes, environmental laws, and investments in environmentally friendly technologies, green transportation, and renewable energy sources are all necessary to slow down environmental deterioration. By implementing policies to enhance resource extraction and cut waste, the reform encourages the management of natural resources (Genty, 2025). Implementing policies to maximize resource extraction, cut waste, and support sustainable land use practices (e.g., reforestation, conservation, and sustainable agriculture) is essential to improving natural resource management. By 2025, the reform aims to raise investments in the green economy to 10% of GDP (Ebenezer, 2025). A thorough examination of investment frameworks, such as tax breaks, subsidies, and public-private partnerships, is necessary to encourage sustainable investments in eco-friendly technology, green infrastructure, and renewable energy if the goal of raising green economy investment to 10% of GDP by 2025 is to be met. The reform's emphasis on enhancing revenue collection is especially significant because, historically, Nigeria's tax-to-GDP ratio fell short of what is needed for long-term economic growth. The government wants to raise more money and lessen its need on debt by simplifying revenue management and enacting policies to curb tax cheating. The reform's ecosystem health metrics, such as economic development, poverty alleviation, and environmental sustainability, are encouraging, in addition to its fiscal sustainability metrics. The reform could enhance the general well-being of Nigerians by encouraging economic growth and lowering poverty.

Stakeholder involvement, efficient execution, and continual assessment and development are necessary for the reform to be successful. Strong institutional capability, political will, and a dedication to accountability and transparency will be needed for this. The history of policy reversals in Nigeria and uneven enforcement, which have damaged investor trust, are some of the major issues that the reform will need to resolve. Regardless of financial advantages, investment is discouraged by the ongoing instability, especially in the

northeast, and Nigeria's ease of doing business is further hampered by the onerous business registration procedures and customs clearance delays.

All things considered, Nigeria's recent tax reform has the potential to significantly boost economic growth as well as the nation's ecosystem health and fiscal sustainability. Its success, however, will rely on the government's capacity to handle the difficulties that lie ahead and guarantee successful execution, stakeholder involvement, and continuous assessment and development.

To ensure the successful implementation of Nigeria's new tax reform, the following recommendations are proposed:

1. It is essential to establish clear communication channels and stakeholder engagement mechanisms to ensure transparency and accountability; provide tax administrators with training and capacity-building programs to improve their skills and knowledge; and develop a thorough implementation plan that includes timelines, milestones, and performance indicators. These measures will help ensure that the reform is implemented effectively.
2. Stakeholders, such as taxpayers, corporations, and civil society organizations, should be involved in the implementation and assessment of the reform. They can do this by forming a stakeholder advisory group to offer input and direction on execution, hold frequent town-hall meetings and public consultations. This will ensure that stakeholders' concerns and recommendations are taken into consideration, thereby creating a strategy for engaging stakeholders, including communication plans, to guarantee transparency and inclusivity, and cultivating alliances with businesses and civil society organizations.
3. A monitoring and evaluation framework should be established. This should include key performance indicators to track the reform's progress; routinely review the impact of the reform on fiscal sustainability and ecosystem health; solicit input from stakeholders (e.g. taxpayers, businesses, and civil society organizations), on areas for improvement; and create a continuous improvement plan that accommodates frequent updates and revisions to ensure the reform remains effective and responsive to changing conditions.

Nigeria may achieve fiscal sustainability, support ecosystem health, and guarantee the smooth implementation of its new tax reform by putting these suggestions into practice. In addition to increasing revenue generation, a successful implementation of the new tax reform will also encourage economic expansion, lessen poverty, and boost the general health of the ecosystem. The reform's emphasis on enhancing tax compliance, lessening the financial strain on companies, and bringing Nigeria's tax laws into line with international best practices is a positive move. Overall, accomplishing Nigeria's economic and environmental objectives depends on the new tax reform's successful implementation.

Through prioritizing stakeholder participation, efficient implementation, and continuous review and improvement, Nigeria may fully realize the potential of its tax reform and foster a more prosperous and sustainable future.

### **Suggestions future research**

The results of the study offer crucial avenues for future research on tax reform in Nigeria and other similar developing nations. First, comparative studies between developing nations may help us better understand the contextual elements that affect the success of reform, especially the relationship between institutional capacity and political will. To assess the long-term impacts of tax reforms on environmental outcomes, economic diversification, and fiscal sustainability, longitudinal studies are also required. In addition to the political economy dynamics that dictate policy continuity, future studies should examine how stakeholder engagement, bureaucratic effectiveness, and governance quality influence reform outcomes. Furthermore, research on how tax reforms affect the social contract—through citizen trust, fairness perceptions, and compliance behavior—would provide important information for promoting sustainable governance. Research on environmental taxation and green fiscal policies could help guide strategies for incorporating sustainability into fiscal planning, while sector-specific studies could provide insight into how tax laws impact sectors like manufacturing, agriculture, and renewable energy. To improve efficiency, transparency, and taxpayer satisfaction, more research should be done on the potential of digital transformation in tax administration, including the use of e-tax platforms and artificial intelligence. Lastly, using a behavioral economics lens may help identify the social and psychological aspects that affect compliance. This could guide the creation of more just and efficient tax structures.



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