

## **OBJECTS AND FUNCTIONS OF THE JOINT REVENUE BOARD: IS THERE ANY GUARANTY OF AUTONOMY?**

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### **Abstract**

*The Joint Revenue Board of Nigeria (Establishment) Act 2025 structurally consolidated intergovernmental tax administration through Section 5, which provides for legislated functions of harmonisation, data crystallisation, and fiscal interfacing between federal and subnational units. The difficulty, of course, is to strike the right balance between harmonized systems and the institutional independence of various tax collection authorities. This study assesses the applicability and reaches of the Board's integration, data harmonisation, and reform functions under Section 5 with a view to how these interact with the constitutional autonomy of State and Local Revenue Departments among other live issues. To support the argument advanced in this research, the study relies on doctrinal legal analysis of applicable statutes and judicial interpretations, together with comparisons to fiscal integration models. With reference to systems theory, the Board is conceived as an adaptive subsystem of Nigeria's fiscal body, and New Institutional Economics expounds a trajectory of incentives and transaction costs that affect compliance and restructuring. The paper argues that harmonisation can contribute to efficiency but too much centralisation will undermine autonomy. It proposes that cooperation should be arranged around this cooperative federalist design and focus on promoting harmonisation through digital interoperability, shared data standards and negotiated institutional changes.*

**Keywords:** Harmonisation, Fiscal Autonomy, Systems Theory, Institutional Economics, Tax Reform

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## 1.0 INTRODUCTION

Tension between centralised coordination and sub-national autonomy in tax collection has long characterised Nigeria's fiscal administration. Not surprisingly, in a federal system where the taxing powers of both federal and state governments overlap with respect to income taxes, duplication and inconsistency and waste frequently result. Total Internally Generated Revenue (IGR) in Nigeria's thirty-six states and the Federal Capital Territory was ₦1.93 trillion as at 2022, a lowly increase of just 1.57 percent from ₦1.895 trillion reported in 2021 an amount well below inflation and expenditure growth if one factors it against expenditures too, but more so with inflation rates current today among consumers<sup>1</sup>. Continuing with the patchwork of taxes among entities and jurisdictions, the fragmented tax bases have caused a call for stronger harmonisation approaches to reduce administration complexity and increase compliance<sup>2</sup>. In this complex system, sovereign struggles over taxation lead to revenue leakage and administrative overlap between the federal and state governments<sup>3</sup>.

Nigeria's first attempt at harmonisation of revenue administration, especially under the Personal Income Tax Act and all other laws relating to taxation, was through the inauguration of the Joint Tax Board (JTB). Formalized by the JTB Act 1979, it served as coordinating body for the Federal Inland Revenue Service (FIRS) and State Internal Revenue Services (SIRS)<sup>4</sup>. The Board sought to

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<sup>1</sup> National Bureau of Statistics (Nigeria), Internally Generated Revenue at State Level, 2022 (Abuja: NBS, 2023).

<sup>2</sup> F Arbeit, *A Comprehensive Tax History of Nigeria* (Abuja: Albatross Publishing, 2021), p. 118.

<sup>3</sup> PwC Nigeria, "The Nigerian Tax Reform Acts," June 2025, <https://www.pwc.com/ng/en/publications/the-nigerian-tax-reform-acts.html> (accessed October 13, 2025).

<sup>4</sup> C P M Ewim, *et al.*, "A Regulatory Model for Harmonizing Tax Collection across Nigerian States: The Role of the Joint Tax Board," *International Journal of Advanced Economics* 6, no. 9 (2024): p. 458.

encourage consistent tax administration, standardize rates, and disseminate taxpayer information,” but it possessed little more than advisory power<sup>5</sup>. As a result, state governments interpreted and enforced tax laws at will, sometimes in contravention of the JTB directions and as per their own states' policies. "There was a patchwork quilt of tax treatment," he said, noting different personal income tax rules and exemptions among the states<sup>6</sup>.

By the early 2020s, analysts noted that Nigeria’s constitutional promise of fiscal decentralisation had resulted in inefficiency and administrative duplication. JTB’s narrow objective was not well-suited to meet the broader challenges of contemporary taxation on digital economy, multiple taxes, diverse data systems<sup>7</sup>. Those studies revealed that states lose billions each year in revenue because of inefficiency, under-assessment and duplication<sup>8</sup>. In the end, however, fiscal specialists began to call for a more powerful institution with enhanced capabilities to consolidate tax databases, standardize procedures and foster intergovernmental cooperation. The demand for reform followed Nigeria’s broader economic diversification programme to enhance non-oil revenue generation<sup>9</sup>.

Accordingly, the Nigerian government passed Joint Revenue Board (Establishment) Act 2025 to supplant and widen the powers delegated to JTB. Thus, the establishment of the new Joint Revenue Board (JRB) is underpinned on Statutory framework for co-ordination,

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<sup>5</sup> F Arbeit, *A Comprehensive Tax History of Nigeria* (Abuja: Albatross Publishing, 2021), p. 126.

<sup>6</sup> Pavestones Legal, “Tax Administration in Nigeria – A Review of the 2025 Nigerian Tax Reform Laws,” July 2025, <https://pavestoneslegal.com/tax-administration-in-nigeria-a-review-of-the-2025-nigerian-tax-reform-laws/> (accessed October 13, 2025).

<sup>7</sup> Ewim *et al.*, “A Regulatory Model for Harmonizing Tax Collection,” p. 464.

<sup>8</sup> Pavestones Legal, “Tax Administration in Nigeria,” (accessed October 13, 2025).

<sup>9</sup> F Arbeit, *A Comprehensive Tax History of Nigeria*, p. 132.

harmonization and enforcement of consistent revenue collection throughout the levels of government<sup>10</sup>. Its jurisdiction goes beyond personal income tax all the way down to the collection and administration of every flavor of taxes, levies, and service fees found at the federal, state, and local levels<sup>11</sup>. Section 5 of this Act outlines the key functions of the Board: data harmonisation and integration, dispute resolution, policy harmonisation and capacity building, which amount to very significant reforms in Nigeria's fiscal governance<sup>12</sup>. The JRB design is therefore an evolution from an advisory coordination approach to integrated fiscal management which seeks to address the perennial challenge of harmonisation versus autonomy in tax administration.

Consequently, this paper appraises the statutory roles of JRB established under Section 5 of its Establishment Act in a thrust to underscore the balancing act between harmonization and autonomy of tax authorities. The goals are three-fold: to; 1) delineate the roles and functions of the JRB; 2) assess, ex-ante, the legal and institutional implications of these roles and functions, and 3) assess their impact on inter-governmental fiscal relations in Nigeria's federal context. The research is also designed to investigate whether the JRB increases adherence, reduces overlap and optimises efficient revenue collection. The value of the research stems from its potential to assist with fiscal reform, with contributions to knowledge on federal fiscal relations and policy that could lead toward a more "cohesive" national tax system. It will also contribute to the continuing dialogues on the three way trade-

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<sup>10</sup> LawPavilion, "Nigeria Tax Reform Bills 2024," April 2025, <https://lawpavilion.com/blog/nigeria-tax-reform-bills-2024/> (accessed October 13, 2025).

<sup>11</sup> MyTax Nigeria, "Meet the Joint Revenue Board (JRB): Nigeria's New Centre for Tax Harmony," July 2025, <https://mytax.com.ng/blog/joint-revenue-board-jrb-nigeria-s-new-centre-for-tax-harmony> (accessed October 13, 2025).

<sup>12</sup> PwC Nigeria, "The Nigerian Tax Reform Acts," (accessed October 13, 2025).

off between fiscal decentralisation, sub-national independence and nation-wide solidarity.

## **2.0 LEGAL FOUNDATION OF THE JOINT REVENUE BOARD UNDER THE 2025 ACT**

The coming into effect of the Joint Revenue Board of Nigeria (establishment) Act, 2025 (hereinafter “the Act”) represents a milestone in the foundation for harmonized revenue collection in Nigeria and sections 3–6 are cornerstone to that edifice. Section 3 of the Act provides for it to be a body corporate with perpetual succession and a common seal, able to sue and be sued, which is an indication that the Legislature intended it to have its own separate legal personality<sup>13</sup>. Subsection 4 outlines its membership, manner of appointment and term in office highlighting that the Commissioners should include representation from federal and state revenue authorities as well as other parties involved such that the forum would be a reflection of consensus-building among governments<sup>14</sup>. In section 5 it follows by listing the Board’s tasks, which comprise combining data from different tax agencies, resolving disputes between levels of government, harmonizing law and administrative practice in taxation and promoting new policy guidelines that is making the co-ordination mandate operational<sup>15</sup>. Section 6 constitutes a general enabling provision for the powers of the Board relating to issuing regulations, gaining access to tax information, and imposing administrative sanctions, which reflects the legislator’s intention towards modernisation of fiscal co-operation<sup>16</sup>. Taken together, this legislative scheme in Sections 3–6 is indicative of a system where the Board has

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<sup>13</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, s 3.

<sup>14</sup> *Ibid.*, s 4.

<sup>15</sup> *Ibid.*, s 5.

<sup>16</sup> *Ibid.*, s 6.

been given statutory powers but has also been surrounded by perimeter lines which are delineated in terms of federal and state taxing jurisdiction, and respect for notions of constitution.

Section 5(a) of the Act authorizes the Board to “coordinate the integration of tax data and taxpayer information throughout all levels of government,” indicating a legislative intent to establish a national level hub for revenue administration<sup>17</sup>. This requirement is particularly relevant as far as the harmonisation of taxes is concerned, because in the absence of joint tax data there is a strong likelihood for competing evaluation approaches (overlapping evaluations), double taxation or conflict of jurisdictions<sup>18</sup>. The provision also mirrors the current fiscal harmonization by providing for a joint taxpayer register, unique identifiers and cross-verification arrangements to minimize compliance costs and leakages<sup>19</sup>. However, the act carefully maintains the constitutional limits by specifying that federal tax authorities and state internal revenue services should continue to wield their taxing authority within their jurisdictions, and that the Board’s function is cooperative rather than overarching<sup>20</sup>. Thus, the Act indicates an intention to (re) introduce and modernise revenue management whilst expressing due respect for the constitutional federal–state tax division of powers.

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<sup>17</sup>*Ibid.*, s 5(a).

<sup>18</sup> “A Discourse of the Key Provisions of the Nigerian Tax Reform Acts, 2025,” Mondaq, August 11, 2025, <https://www.mondaq.com/nigeria/tax-authorities/1664688/a-discourse-of-the-key-provisions-of-the-nigerian-tax-reform-acts-2025> (accessed October 13, 2025).

<sup>19</sup> KPMG Nigeria, “The Joint Revenue Board Establishment Act (JREA), 2025,” July 2025, <https://assets.kpmg.com/content/dam/kpmg/ng/pdf/2025/07/The%20Joint%20Revenue%20Board%20Establishment%20Act.pdf> (accessed October 13, 2025).

<sup>20</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, Section 5(b)–(d).

Section 5(b) also imposes on the Board, the responsibility of “settling inter-governmental revenue disputes, including any other such dispute as may be prescribed by an act of the National Assembly,” and this is no doubt aimed at minimizing conflicts within Nigeria’s multi-layered tax landscape<sup>21</sup>. This statutory role is an example of how the Board receives not just an exclusively administrative function set but a determination to manage rather than simply administer conflicts, by acting in cases of genuine uncertainty about jurisdictional boundaries<sup>22</sup>. In this context, the aim would be to strengthen a stable competitive and cooperative system between tax authorities, in order not to make harmonisation at the cost of state proprium fiscalis<sup>23</sup>. Indeed, in Section 5(c), the Board is instructed to “simplify and promote harmonisation of tax legislation, tax rates, bases and administrative procedures among jurisdictions” which reflects a legislative acknowledgement that there should be uniformity in tax treatment<sup>24</sup>. Also, this is consistent with the proviso in Section 5(d) of the Act that the Board shall carry out its functions “without prejudice to constitutional powers of taxation by the federation, states and local government councils”: (i.e., that sub-national entity retains their independence)<sup>25</sup>. There is a balance inherent in this dual design: the Board has discretion, but it can only act within well-defined constitutional limits.

Under Section 5(e), the Board is required to “advise on tax policy reform, capacity building for the tax authorities, [and] study of tax

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<sup>21</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, Section 5(b).

<sup>22</sup> “Key Provisions of Nigeria’s 2025 Tax Reform Laws,” NES Group Blog, <https://nesgroup.org/blog/A-New-Fiscal-Framework%3A-Key-Provisions-of-Nigeria%E2%80%99s-2025-Tax-Reform-Laws> (accessed October 13, 2025).

<sup>23</sup> *Ibid.*

<sup>24</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, § 5(c).

<sup>25</sup> *Ibid.* s 5(d)

expenditure, incentives and exemptions,” manifesting a prospective legislative intention to inculcate strategic oversight into tax governance<sup>26</sup>. Such a role highlights that the Board is not just to be responsive, but set out to lead policy reform, research and evaluation and continued improvement of the tax system<sup>27</sup>. In enmeshing policy reform with its operations, the provision indicates that harmonisation and autonomy should be dynamic: the Board is empowered to recommend changes that standardise while respecting local innovation<sup>28</sup>. In practice, this would seem to suggest that while there is no obstacle in state authorities creating a tax tool that fits with its economy specifically, the Board can review and provide recommendations as to how those tools interact with national tax regimes so as not to unintentionally distort them<sup>29</sup>. Moreover, 6 authorises the Board to require, receive and disclose information from federal and state revenue authorities “for the purposes of discharging its functions under this Act”, highlighting the “data integration” feature as central to its powers<sup>30</sup>. The legal framework is thus interweaving data, scrutiny and reform functions within a coherent legislative movement towards modernising fiscal coordination.

Section 6(a) of the Act authorizes the Board to “prescribe regulations, rules, guidelines and directives ... in the performance of its functions,” confirming that Congress vested regulatory authority rather than

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<sup>26</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, § 5(e).

<sup>27</sup> KPMG Nigeria, “The Joint Revenue Board Establishment Act (JREA), 2025,” July 2025, p. 2.

<sup>28</sup> “Understanding the New Chapter in Nigeria’s Tax Story,” The Republic, August–September 2025, <https://rpublic.com/august-september-2025/nigeria-tax-story/> (accessed October 13, 2025).

<sup>29</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, s 5(e).

<sup>30</sup> *Ibid.*, s 6(a).

making [the Board] advisory<sup>31</sup>. This rulemaking authority is also important because it enables the Board to influence administrative practice and establish standardized procedures, consistent with tax jurisdiction convergence movements<sup>32</sup>. But despite this, there are limits on the Board as its rules must conform to laws of the Federation and states and shall not override any taxing powers by whatever tier of government save as provided in the constitution compelling a return to constitutional frontiers<sup>33</sup>. In addition, Section 6(b) enables the Board to penalize revenue authorities for failing to adhere to its orders evidence that the legislature intended to facilitate enforceable coordination as opposed to mere consultation<sup>34</sup>. However, the instruments through which these powers are exercised ensure that the Board remains a supervisory body and not just wants of another level of government<sup>35</sup>. The legal design, therefore, strikes a measured balance: allowing modern governance and rational institutional structure while also preserving the novel taxing sovereignties of federal and state government as unified governments.

To summarize, these sections, namely 6-7 of the Act confer on the Board its juridical status. The focus on data consolidation, resolution of disputes, harmonisation and even policy changes under the Act generally mirrors the administration's wider tax reform strategy aimed at improving efficiency, transparency and compliance in Nigeria's tax

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<sup>31</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, s 6(a).

<sup>32</sup> "A discourse of the key provisions of the Nigerian tax reform acts, 2025," Mondaq, August 11, 2025.

<sup>33</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, Section 6(c).

<sup>34</sup> *Ibid.*, s 6(b).

<sup>35</sup> "New tax laws: Bridging gaps in policies and implementation," *The Guardian*, August 11, 2025.

system<sup>36</sup>. Simultaneously, by expressly providing that the functions of the Board are “without prejudice to the constitutionally vested taxing powers” of the Federation, States and Local Governments, the statute preserves fiscal autonomy of sub-national levels<sup>37</sup>. This hybrid model allows the Board to be a coordinating and, not a commanding, authority and is an example of adaptive governance combined with efficient institutional design in inter-governmental tax administration. Consequently, the law supports theories of systems thinking and institutional economics in forming an institution that is both nested yet autonomous, where harmonisation coexists with autonomy.

### **3.0 SCOPE OF INTEGRATION AND DATA HARMONISATION**

Section 5(a) thereof imposed a duty on the JRB to “co-ordinate integration of taxpayer data and information from all tax collection authorities in the various tiers of government in Nigeria,” laying down an explicit statutory basis for possible introduction of a fiscal data ecosystem, underpinned by the laws<sup>38</sup>. This is to prevent duplication and reconcile multiple taxpayer identities and in turn, also improve the accuracy of tax assessment using a single source database that can be verified<sup>39</sup>. The basis of this rationale is Systems Theory’s conceptualisation of fiscal institutions as interrelated sub-systems that need common information feedback loops to preserve their stability

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<sup>36</sup> KPMG Nigeria, “The Joint Revenue Board Establishment Act (JREA), 2025,” July 2025, p. 1.

<sup>37</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, Preamble.

<sup>38</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, Section 5(a).

<sup>39</sup> “A Discourse of the Key Provisions of the Nigerian Tax Reform Acts 2025,” Mondaq, August 11, 2025, <https://www.mondaq.com/nigeria/tax-authorities/1664688/a-discourse-of-the-key-provisions-of-the-nigerian-tax-reform-acts-2025> (accessed October 13, 2025).

and function<sup>40</sup>. From a valuation perspective, harmonized databases would allow for cross-validation between federal and state entities to minimize tax frauds, ghost payrolls and administrative loopholes<sup>41</sup>. The policy objective is to provide transparency and coherence through real time availability of taxpayer information to designated authorities while under strong data protection mechanisms<sup>42</sup>. Because it results from an evolutionary epoch of deconstruction and reconstruction, the Section 5(a) statutory provision reflects a transformation in tax administration structurally transitioning from segmented to adaptive, information-based fiscal policy<sup>43</sup>.

Sections 5(e) and (f) further increase the scope of the Board with policy development, and provision for a national data exchange transaction platform for revenue authorities thereby institutionalizing digital cooperation<sup>44</sup>. This latter aspect could be interpreted as a policy aimed at trying to reduce transaction costs in fiscal administration (a characteristic of New Institutional Economics) by formalizing rules for the exchange of data and decreasing the informational asymmetry that exists between tax agencies<sup>45</sup>. Douglass North argued that institutions lower the level of uncertainty by shaping human behaviour; In this sense, digital integration can be treated as a rule-based structure sustaining inter-jurisdictional cooperation<sup>46</sup>. Likewise, Williamson noted that hierarchical

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<sup>40</sup> L v Bertalanffy, *General System Theory: Foundations, Development, Applications* (New York: George Braziller, 1968), p. 87.

<sup>41</sup> *Ibid.*, 105.

<sup>42</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, s 5(a).

<sup>43</sup> D H Meadows, *Thinking in Systems: A Primer* (White River Junction: Chelsea Green Publishing, 2008), 52.

<sup>44</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, § 5(e)–(f).

<sup>45</sup> R H Coase, “The Nature of the Firm,” *Economica* 4, no. 16 (1937), p. 398.

<sup>46</sup> D C North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990), p. 42.

organizations can generate better outcomes than market-based coordination where the level of transaction complexity is high a characteristic that describes Nigeria’s multi-tiered tax system<sup>47</sup>. The harmonised data system proposed under subsection 5(f) reflects this as an institutional and technical innovation efficiency promoting yet also constitutional autonomy respecting of each authority<sup>48</sup>. This combined use of Systems Theory and New Institution Economics theory, thus, is able to explain how adaptive digital systems can act as feedback systems and rule-enforcing organisations which together maintain fiscal coherence.

Section 5(k), of the Act also authorizes the Board to “receive, collate, analyse and publish periodic tax revenue collected by all tax authorities<sup>49</sup>,” signifying technology’s role in tax administration and evidence-based fiscal planning. This digital synchronization creates horizontal and vertical flows of information among federal, state and local revenue authorities to enable single view of taxpayer<sup>50</sup>. Feedback loops are most effective, as Donella Meadows observes, when information is timely, accurate and comprehensive enough to make corrective decisions before the systemic distortions have taken place<sup>51</sup>. Exploiting this efficiency, modern integrated tax systems enable the early identification of deviations in submission or payment patterns to facilitate proactive rather than retroactive enforcement action. However, the issue is still to address the dialogue between

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<sup>47</sup> O E Williamson, *The Economic Institutions of Capitalism* (New York: Free Press, 1985), p. 61.

<sup>48</sup> *Ibid.*, s 66.

<sup>49</sup> Federal Republic of Nigeria, Joint Revenue Board of Nigeria (Establishment) Act, 2025, s 5(k).

<sup>50</sup> KPMG Nigeria, “The Joint Revenue Board Establishment Act (JREA), 2025,” July 2025, p. 3, <https://assets.kpmg.com/content/dam/kpmg/ng/pdf/2025/07/The%20Joint%20Revenue%20Board%20Establishment%20Act.pdf>.

<sup>51</sup> D H Meadows, *Thinking in Systems: A Primer*, p. 78.

different legacy systems in use by various tax authorities, a technical problem augmented by administrative resistance and digital infrastructure scarcity<sup>52</sup>. Thus the Act not only orders integration, it is also an implicit call for technological updating and committed investment in common infrastructure by all levels of government.

Yet, while consolidation holds the promise of efficiency, it begs questions about data privacy and jurisdictional control, as well as institutional opposition to transparency. From a systems theory perspective, resistance such as this are part of 'negative feedback loops' where subsystems seek to maintain their independence in the face of system-wide conformance<sup>53</sup>. As far as the New Institution Economics (NIE) is concerned, these actions are induced by poor incentives and transition hazards that highlights the necessity of a design of institutions based on compliance and cooperation<sup>54</sup>. As Acemoglu and Robinson assert, "Inclusive institutions that share power and create benefits more evenly are more likely to retain necessary elements of technological and organizational innovation<sup>55</sup>." Thus it is important to secure the privacy and security of data using legal instruments like encryption protocols, access controls, audit trails etc. for the trust on integrated system<sup>56</sup>. Finally, the sustainability of the Joint Revenue Board's harmonized data architecture will rely on striking a delicate balance among efficiency, accountability and sensitivity to institutional boundaries.

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<sup>52</sup> R L Ackoff, *Re-Creating the Corporation: A Design of Organizations for the 21st Century* (New York: Oxford University Press, 1999), 143.

<sup>53</sup> P M Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization* (New York: Doubleday, 2006), 118

<sup>54</sup> North, *Institutions, Institutional Change and Economic Performance*, p. 73.

<sup>55</sup> D Acemoglu and J A Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown Business, 2012), 105.

<sup>56</sup> "New Tax Laws: Bridging Gaps in Policies and Implementation," *The Guardian*, August 11, 2025, <https://guardian.ng/opinion/columnists/new-tax-laws-bridging-gaps-in-policies-and-implementation/>.

#### **4.0 CRITICAL EVALUATION OF TAX REFORM, TENSIONS, AND INSTITUTIONAL AUTONOMY**

The Board’s advisory and reform functions under Section 5(g), (h), (j) and (m) of Joint Revenue Board Establishment Act jointly promote harmony and efficacy in the country’s fiscal federalism. These provisions enable the Board to provide advice to governments on fiscal policy reform, standardise tax processes and models of legislation to direct subnational tax administrations<sup>57</sup>. The board can use these to increase transparency and eliminate redundant revenue practices<sup>58</sup>. But too much centralised fiscal coordination might create more or less tension against the autonomy of the states, especially if federal orders neglect both regional own-revenue instruments and administrative capabilities at subnational level.

Following New Institution Economics (NIE) theory, sector-level incentives, transaction costs and institutional factors condition the behaviour of State Internal Revenue Service (SIRS)<sup>59</sup>. As NIE suggests, fiscal actors are boundedly rational and moderate their incentives towards autonomy and retention of resources<sup>60</sup>. If such harmonisation serves to limit the options or influence of subnational governments in their capacity to raise own taxes, incentive effects for compliance are lessened. Accordingly, mechanisms such as performance-based transfers and joint capacity building programmes need to be incorporated into the work of the Joint Revenue Board so that co-operation is attractive for state governments. This will

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<sup>57</sup> See Joint Revenue Board (Establishment) Act, 2023, s.5(g), (h), (j), (m)

<sup>58</sup> See also J. Adebisi, & D. O. Gbegi, “Fiscal Federalism and Tax Harmonisation in Nigeria,” *International Journal of Business and Social Science*, vol. 11, no. 3 (2022), p. 41.

<sup>59</sup> North, *Institutions, Institutional Change and Economic Performance*, pp. 52–60

<sup>60</sup> O E Williamson, “The New Institutional Economics: Taking Stock, Looking Ahead,” *Journal of Economic Literature*, vol. 38, no. 3 (2000), pp. 595–613.

strengthen both vertical and horizontal accountability, without compromising the institutional effectiveness.

Notwithstanding the aforementioned benefits of harmonisation, however, the constitutional independence of subnational tax authorities in Nigeria's federal system cannot be overlooked. The 1999 Constitution (as amended) assigns discretionary authorisation over some taxes including personal income tax, property rates and business premises levies to states, thus building natural limits around centralisation. Fuelled by a desire for decentralised policy implementation among all levels of government: international bodies promote the first-tier level of government that is most familiar with local conditions which in Nigeria would be the state<sup>61</sup>. These tensions require intergovernmental consensus mechanisms such as legally binding Memoranda of Understanding, intergovernmental fiscal councils and dispute resolution panels to resolve jurisdictional overlaps. By doing so, these frameworks will help ensure that harmonisation does not detract from but, rather enhances the fiscal sovereignty of state institutions in a manner consistent with both constitutional federalism and sustainable governance.

## **5.0 CONCLUSION AND RECOMMENDATIONS**

To conclude, the discourse on statutory mandates of the Joint Revenue Board under Section 5 does show that harmonious operation within the fiscal architecture in Nigeria may not necessarily diminish institutional autonomy between federal, state, local tax authorities. The analysis above confirms the thesis that integration, if properly organized with systemic coordination and digital interoperability among fragmented

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<sup>61</sup> See Constitution of the Federal Republic of Nigeria 1999 (as amended), Second Schedule, Part II, paras. 7 & 8; see also I O Okauru, "Intergovernmental Fiscal Relations in Nigeria: Challenges of Reform," *Nigerian Journal of Economic and Financial Review*, vol. 10, no. 2 (2021), p. 18.

institutions of self-government, can serve to improve efficiency and accountability without undermining constitutional federalism. The latter has been demonstrated to be problematic not so much because of the concept of 'harmonisation' per se, but because of the way mechanisms controlling information exchange and joint-auditing as well as policy coherence have been designed over multiple government strata. From the point of view of Systems Theory, the Boards have to be constituted as a dynamic sub-system in national fiscal governance and reinforced through adjustable and flexible cooperation instead of rigid centralisation. As a result, any new reform agenda for tax administration needs to negotiate between the autopoietic dynamics of standardisation and the necessary decentralising logic of fiscal autonomy if governance is not to be unduly distorted or unacceptably flouted. Hence, the paper strongly offers that:

First and foremost, it is suggested that legally mandated but interlinked (decentralized) tax data systems be used to ensure smooth interoperability without completely taking away the operating feet of State Internal Revenue Services. Second, there should be priority in the creation of statutory capacity development programmes at all levels of government, so that human and institutional capabilities can keep pace with technological changes. Third, a cooperative legal regime based on negotiated fiscal federalism is needed to delineate the limits of harmonisation and keep administration from encroaching. Fourth, joint fiscal audits and data sharing protocols should be grounded in binding intergovernmental agreements that are overseen by the Joint Revenue Board yet enforced by the revenue authority for each tier of government to ensure accountability. Fifth, the policy dialogue across tiers of government between the Board and subnational governments should be institutionalised with a permanent Fiscal Coordination Council, where tax harmonisation continues to

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serve efficiency without compromising or undermining the constitutional independence of any level of government.