



THE FAMILY OFFICE ADVANTAGE: TAX PLANNING CONSIDERATIONS FOR WEALTHY FAMILIES UNDER NIGERIA'S NEW TAX REGIME

Introduction

For many successful entrepreneurs and high-net-worth individuals, wealth creation is often the primary focus during the active years of business building. Once wealth has been accumulated, the challenge shifts from creating wealth to preserving, managing and transferring it efficiently across generations, and increasingly, to *defending* it against an evolving regulatory environment.

The enactment of the Nigeria Tax Act, 2025 (NTA), the Nigeria Tax Administration Act, 2025 (NTAA), the Nigeria Revenue Service (Establishment) Act, 2025, and the Joint Revenue Board (Establishment) Act, all effective from 1 January 2026, marks the most significant restructuring of Nigeria's tax landscape in a generation. While much public discourse has focused on the implications for businesses and individual taxpayers, wealthy families should be paying equal attention to what these reforms mean for family wealth structures, trusts, estates and investment portfolios.

The conversation is no longer merely about tax compliance. It is increasingly about tax governance, and the cost of getting it wrong has never been higher.

Trusts Are Not Immune from Tax Scrutiny

The Nigeria Tax Act, 2025 makes clear that the existence of a trust does not automatically remove tax consequences from the Settlor.

The Fifth Schedule to the Act provides that income arising from a trust may be deemed to be the income of the Settlor where the Settlor retains significant control over the trust assets, continues to enjoy benefits from the trust income, or where the trust remains revocable in a manner that permits the Settlor to regain control.



For a trust to achieve its intended objectives under the new regime, it must demonstrate genuine separation between the Settlor and the trust assets: independently exercised trustee powers, a properly constituted oversight mechanism, and distribution decisions that are genuinely discretionary rather than predetermined. A trust that exists on paper but operates as a founder's personal

account will attract scrutiny and under the NTAA's expanded audit and information-gathering powers, the Nigeria Revenue Service now has significantly sharper tools with which to investigate.

The NTAA: Enforcement is Now the Story

Equally significant and less discussed is what the Nigeria Tax Administration Act, 2025 does to enforcement.

The NTAA introduces a structured framework for audits, assessments, objections and appeals that is materially more rigorous than its predecessor. Key features relevant to wealthy families include expanded information powers enabling the Nigeria Revenue Service to issue notices to third parties, including trustees, investment managers and professional advisers requiring production of documents; a tiered penalty regime for failure to file, under declaration and fraudulent misstatement; and a voluntary disclosure mechanism whose availability and terms are time limited.

Families with legacy structures not yet reviewed under the new regime should consider whether a proactive review and disclosure is appropriate before an audit is initiated. For those managing complex structures, trusts, holding companies, operating businesses, real estate portfolios, the central question is no longer only *what tax is owed* but *whether the information infrastructure exists to demonstrate compliance if challenged*.



Investment Income: What the NTA Now Covers

Section 4 of the NTA expressly brings within the charge to tax: dividends, rents, interest, gains from securities transactions, gains on disposal of property and fixed assets, and profits from digital and virtual assets. For most wealthy families, these categories represent the core of their investment portfolios.

Dividend income from Nigerian companies remains subject to withholding tax as a final tax for individual recipients, but families holding equities through corporate vehicles or trusts should confirm the applicable treatment, as the character of the recipient entity affects the rate.

Fixed income and treasury bills are now treated more comprehensively than prior practice suggested. Families should review the tax treatment of their fixed-income and government securities portfolios under the new regime to ensure that long-held assumptions remain consistent with the current law.

Real estate gains are taxable on disposal. Where acquisition cost cannot be documented, the NTA provides for cost to be assessed by reference to open market value at the time of acquisition, a figure the Nigeria Revenue Service will not determine in the taxpayer's favour. Families with fragmented or undocumented property portfolios face a materially higher effective tax rate on disposals as a result.

Securities disposals including transfers of shares in private family companies carry capital gains consequences. Any reorganization, buyout or succession-related share transfer should be reviewed before execution.

Digital and virtual assets are now expressly taxable on disposal, exchange or transfer. Valuation methodology, cost basis and timing of disposal events are live issues for families with meaningful digital asset exposure.

Corporate Structures and the Attribution Question

Many Nigerian families hold assets through holding companies or special purpose vehicles rather than directly. The tax analysis changes materially depending on how income flows through those structures. Dividends distributed from an operating company to a holding company, and then onwards to a trust, may attract withholding tax at each stage unless the structure is optimized. Intercompany arrangements, loans, management fees, related-party transactions, each carry their own NTA consequences.

Where a corporate entity sits between the Settlor and the trust, the Fifth Schedule attribution analysis applies with equal force. The question is whether that interposition genuinely breaks the chain of control, or whether the economic substance of the arrangement means the Settlor remains the beneficial recipient of the income. These are not academic questions, they have direct implications for the effective tax rate on returns flowing through the entire family wealth structure, and they require a coordinated review of the architecture as a whole, not merely the trust deed in isolation.

Succession Planning and Tax: Two Conversations That Must Become One

The most enduring gap in Nigerian family wealth management is the separation between investment performance conversations and succession planning conversations. The NTA makes clear that the tax consequences of succession are not deferred until death, they begin at the point of structuring.

Consider a straightforward scenario: a founder holds shares in a family operating company valued at ₦2 billion. Those shares are transferred into a family trust as part of a succession plan. The transfer is a disposal for capital gains purposes. The gain computed by reference to the founder's acquisition cost, negligible in many cases given decades of appreciation, is taxable at the point of transfer. If this is not anticipated, the succession event itself generates a material and unexpected tax liability.



The most effective succession plans integrate wealth transfer objectives, governance arrangements, ownership structures and tax considerations into a single framework, designed in advance, not assembled in response to a crisis.

Why the Family Office Matters

Historically, wealthy families relied on a combination of lawyers, accountants, investment advisers and personal assistants to manage different aspects of family wealth. Increasingly, however, families are adopting Family Office structures to coordinate these functions under a single governance framework.

A Family Office serves as the central point for asset oversight, tax coordination, succession planning, trust administration support, reporting and adviser management. In a regulatory environment that increasingly rewards transparency and documentation, the ability to maintain a consolidated view of family wealth is becoming a strategic advantage rather than an administrative convenience.

The Rise of Tax Governance

Governance is becoming a tax issue in its own right. Historically, a concern for large corporations, the discipline is now equally relevant and under the NTAA, increasingly expected of wealthy families managing complex portfolios.



The right questions for any family to ask are: Do we have visibility over all assets, across all entities and jurisdictions? Are ownership structures documented consistently with how they are reported to tax authorities? Are trusts being administered in a manner that withstands substantive scrutiny? Are reporting obligations monitored centrally? Do our advisers have access to accurate, consolidated information?

These are governance questions, but under the new regime, they are equally tax questions, and the absence of satisfactory answers is itself a risk exposure.

Structure Is Not a Cost. It Is a Return.

Nigeria's new tax regime represents a broader and irreversible shift towards transparency, substance and structured administration. For wealthy families, the appropriate response is not merely to file returns on time. It is to develop a coordinated framework through which investments, businesses, real estate, trusts and succession arrangements can be managed holistically with the governance infrastructure to demonstrate compliance, respond to scrutiny and adapt as the regulatory environment continues to evolve.

Families that institutionalize their affairs today will be materially better positioned to preserve and transfer wealth across generations than those who do not. This is where the Family Office becomes not merely useful but essential.

AUTHOR



Frances Nwakobi-Onuigbo

Partner

frances.nwakobi@firstfiduciary.ng

At **First Fiduciary Limited**, we work with founders, entrepreneurs, family businesses and high-net-worth individuals to establish practical structures around family governance, trusts, estate planning, succession and wealth preservation. Our approach integrates advisory, legal, tax and governance considerations into a single coordinated framework. As the regulatory landscape becomes more sophisticated, the ability to preserve and transfer wealth successfully will increasingly depend on the quality of the structures, governance and planning put in place today.



Copyright ©2026 First Fiduciary Limited, All rights reserved.

Our mailing address is:

First Fiduciary

3A, Kayode Otiotoju Street, Off Admiralty Road,

Lekki Phase1, Lagos