THE OUTLIER BRIEF

Business Intelligence · Finance · Strategy · Governance · AI Advisory

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THIS WEEK

Nigeria's New Tax Era Has Begun. Is Your Business Ready?

> KEY TAKEAWAY
>
> The Nigeria Revenue Service now cross-checks payroll, bank and filing data. Clean, digital records have moved from good practice to compliance necessity — and the businesses that act before enforcement, not after, will carry the least risk and the lowest cost.

INSIDE THIS ISSUE

01 CEO IN 60 SECONDS

THE WEEK IN FOUR LINES

What happened. Nigeria's tax system now runs through the Nigeria Revenue Service, with enforcement driven by data-matching across payroll, bank and filing records.

Why it matters. Manual or inconsistent records have become a live compliance risk, not merely an inefficiency.

What to do today. Validate Tax Identification Numbers, confirm payroll reflects the new bands, and begin digitising invoicing.

Biggest mistake. Waiting for an audit or enforcement contact before improving your records.

02 EDITOR'S NOTE

Welcome to the first edition of The Outlier Brief in its new form — a weekly executive briefing built to do more than report the news. Each issue answers four questions: what happened, why it matters, what to do this week, and what it costs to ignore it.

This week that begins with the tax reform now reshaping how every Nigerian business keeps its records. The move to the Nigeria Revenue Service is the most consequential compliance change in a generation — and our aim is to help you meet it early, calmly and with confidence.

Rafiu Olawuyi, FCA — *Lead Consultant, Outliers Professionals*

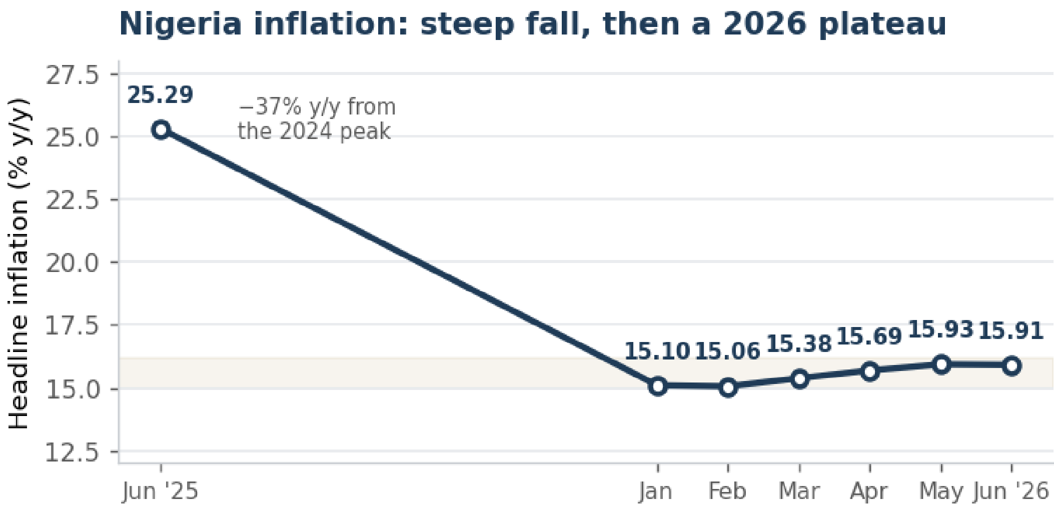
03 EXECUTIVE SUMMARY — WHAT YOU NEED TO KNOW THIS WEEK

- **Inflation is easing, but credit stays expensive.** Headline inflation fell to 15.91% in June, yet the policy rate is held at 26.5%. Plan for costly borrowing into the third quarter.
- **The NRS regime is live — and enforcement-led.** Records are now cross-matched across payroll, bank and filings. Inconsistent or incomplete books are a live, avoidable risk.
- **The naira is stable — for now.** The official rate holds near ₦1,364 to the dollar, and petrol has eased below ₦1,300 in Abuja as refinery competition intensifies — a modest reprieve on logistics costs.
- **Digital readiness is now a compliance issue.** E-invoicing is phasing in. If your team still invoices manually, begin a systems review now rather than waiting for enforcement.

04 BUSINESS INTELLIGENCE DASHBOARD

Key indicators for Nigerian businesses, current at preparation (early August 2026).

INFLATION	POLICY RATE (MPR)	NAIRA / US$ (OFFICIAL)
15.91% ▼ easing · review pricing	**26.5%** ▬ held · credit stays dear	**₦1,364** ▬ stable narrow band
PETROL (PMS)	**EXTERNAL RESERVES**	**NAIRA / US$ (PARALLEL)**
₦1,299 ▼ easing · competition-driven	**$52.0bn** ▬ ~11 months cover	**₦1,425** ▬ gap ~₦60



Actual NBS readings; intermediate months not shown. Disinflation has clearly slowed into a plateau.

05 THE NUMBERS BEHIND THE NEWS

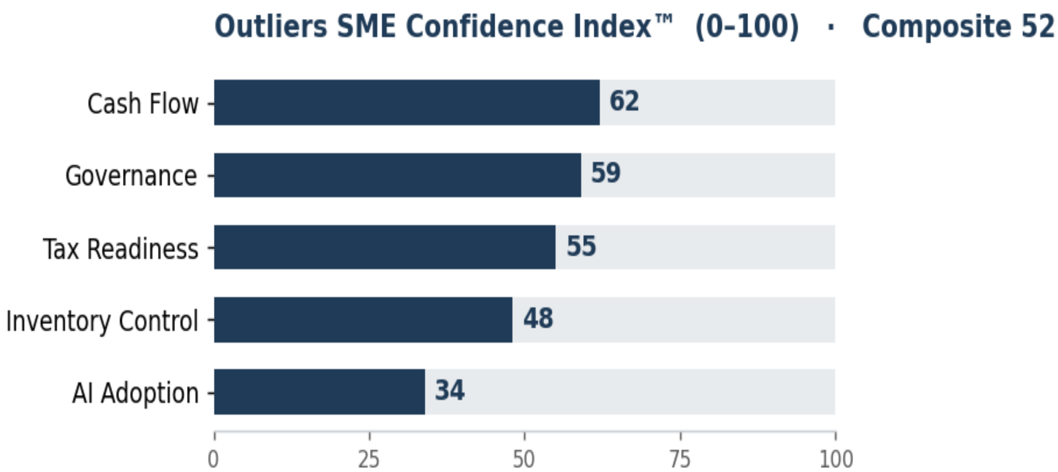
WHAT THE FIGURE REALLY MEANS

Inflation of 15.91% is not an abstraction. For a manufacturer spending ₦20 million a month on raw materials, even a 3% rise in input costs adds roughly ₦600,000 to monthly outlay — about ₦7.2 million a year — if those increases cannot be passed on to customers.

The lesson: track input costs line by line, and defend margin deliberately. Assuming that price rises can always be absorbed is how a healthy-looking business quietly erodes its profitability.

06 OUTLIERS INDEX™

The Outliers SME Confidence Index™ is our proprietary weekly read of operating conditions for Nigerian small and mid-sized businesses, scored from 0 to 100 across five dimensions. It is an expert index maintained by the Outliers editorial office.



WHAT THIS READING TELLS US

This is the inaugural reading, with a composite of 52. Tax Readiness sits mid-range as businesses respond to the NRS transition, while AI Adoption remains the weakest component — and therefore the clearest opportunity. Future editions will track the movement in each score week by week.

07 FEATURE: THE NEW TAX ERA

Since 1 January 2026, Nigeria has operated under a substantially rewritten tax framework. The Nigeria Tax Act 2025 — with the Nigeria Tax Administration Act, the Nigeria Revenue Service (Establishment) Act and the Joint Revenue Board (Establishment) Act — consolidated a patchwork of older statutes into a single, modern regime. For business owners and finance teams, this is the compliance story of the year.

The most visible change is institutional. The Federal Inland Revenue Service now operates as the Nigeria Revenue Service (NRS), with a broader mandate and stronger enforcement tools, while the former Joint Tax Board has become the Joint Revenue Board, coordinating federal and state collection under harmonised systems.

What is changing in practice

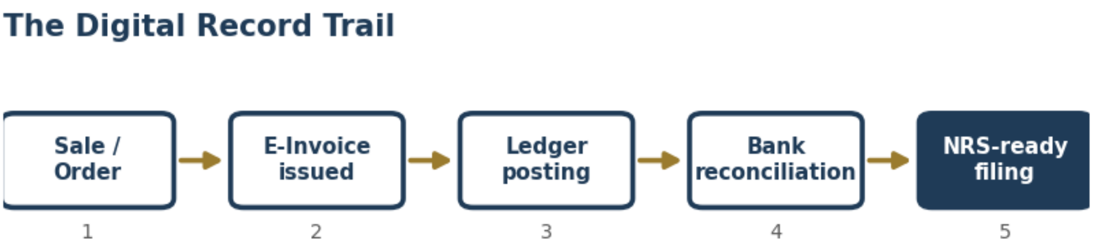
- **Registration and identity.** A Tax Identification Number is now central to formal financial activity, with an individual's National Identification Number serving as their tax ID. Every employee, director and vendor must be correctly registered and validated.
- **Payroll and personal tax.** Personal income tax bands and reliefs have been restructured, with lower earners benefiting from an expanded exemption threshold. Payroll systems should already reflect the new bands.
- **Invoicing and reporting.** Electronic invoicing and real-time reporting obligations are phasing in, beginning with larger taxpayers. Review invoicing and accounting systems for readiness now.
- **Smaller companies.** Qualifying small companies enjoy relief from certain taxes — but relief depends on meeting the definition and filing correctly. It is not automatic.

Enforcement is the theme to respect. The NRS is designed to cross-reference data across payroll, bank records and filings, which raises the cost of inconsistent records. Clean, reconciled, well-documented books are now a frontline compliance asset.

> WHAT THIS MEANS FOR YOUR BUSINESS
>
> If your finance team still prepares invoices and reconciliations manually, the shift to digital tax administration will become progressively harder to keep pace with. The businesses that begin reviewing their systems now — rather than waiting for an enforcement action — will spend far less, and worry far less, than those that delay.

08 THE DIGITAL RECORD TRAIL

Under data-matching, every transaction should leave a clean, traceable record from sale to filing. Each break in this chain — a manual invoice, an unreconciled account — is a point where your records and the tax authority's data can diverge.



A clean trail at every step is what turns compliance from a scramble into a report.

09 OUTLIERS INTELLIGENCE™

> ONE INSIGHT · ONE DECISION
>
> A business that still invoices manually under a digital-tax regime carries a silent liability:

every manual document is a point where its records and the tax authority's data can diverge. Under data-matching, divergence is what triggers questions.

The decision this quarter is simple — move your highest-volume document, usually the sales invoice, onto a system that produces a clean, traceable record automatically. It is the single change that most reduces future compliance friction.

10 BUSINESS NUMBERS THAT MATTER

Indicator	Latest	Why it matters
Inflation	**15.91%**	Impacts pricing power and real purchasing power
Policy rate (MPR)	**26.5%**	Sets the cost of borrowing and financing gaps
Naira / US$ (official)	**~₦1,364**	Drives the cost of imports and foreign obligations
Naira / US$ (parallel)	**~₦1,425**	Signals retail FX pressure and demand
Petrol (PMS), pump	**~₦1,265–1,299**	Feeds logistics, energy and distribution costs
External reserves	**~$52.0bn**	Signals currency stability (~11 months import cover)

11 WHAT WE'RE SEEING

Across the Nigerian market this month, recurring themes are visible among small and mid-sized businesses — shared here at market level, without reference to any individual client:

- A scramble to validate Tax Identification Numbers for staff and vendors ahead of tighter checks.
- Manual invoicing bottlenecks surfacing as e-invoicing expectations approach.
- Late or incomplete VAT reconciliations that would not withstand data-matching.
- A rise in payroll-compliance questions as teams apply the new personal income tax bands.
- Boards beginning to ask, for the first time, for a written digital and e-invoicing roadmap.

12 FINANCE SCHOOL

LESSON 1 OF AN ONGOING SERIES

Profit is an opinion. Cash is a fact.

Profit depends on the accounting choices you apply — when you recognise revenue, how you value stock, what you accrue. Two honest businesses can report different profits from identical activity. Cash is different: the balance either exists or it does not.

This is why a profitable business can still fail. Profit can be locked inside unpaid invoices and unsold stock while the bills fall due in cash. Next lesson: how cash flow reveals what profit conceals.

13 AI & TECHNOLOGY SPOTLIGHT

AI IN FINANCE — PART 1 OF AN ONGOING SERIES

The AI assistant as a finance team member

Used well, a general-purpose AI assistant is a capable junior analyst: it drafts board notes, summarises long regulations into plain language, produces a first pass at variance commentary, and helps build and check formula logic. The gain is speed on the routine work that crowds out judgement.

Two rules keep that gain safe. First, never enter client-identifying, personal or confidential data into public tools — use secure, business-grade options for anything sensitive. Second, every output requires professional review; an assistant accelerates a qualified person, it does not replace one.

TOOL OF THE WEEK

Cloud Accounting Platforms

Examples. QuickBooks, Xero, Zoho Books and similar cloud systems.

What it does. Automates invoicing, bank feeds, reconciliation and reporting in one place, with a clean audit trail.

Who should use it. Any business still running core accounting on spreadsheets — especially ahead of e-invoicing.

Common mistake. Buying the software but keeping manual habits; the value is in using the automation, not owning it.

Cost consideration. A modest monthly subscription, typically billed per organisation — weigh it against the hours and errors it removes.

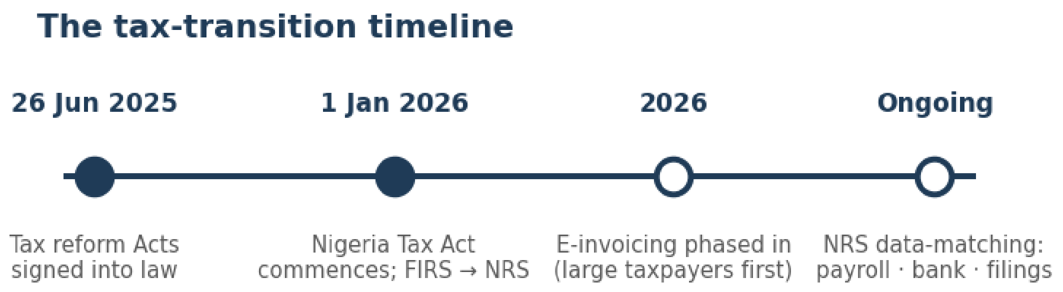
Business benefit. Faster month-end, fewer errors, and records that withstand data-matching.

14 PRACTICAL TOOLKIT — NRS READINESS CHECKLIST

Work through these this week. Each item closed is a risk removed.

- ☐ Confirm your business and directors are registered under the NRS.
- ☐ Validate Tax Identification Numbers for all employees and key vendors.
- ☐ Check that payroll reflects the updated personal income tax bands.
- ☐ Review your invoicing process for electronic-invoicing readiness.
- ☐ Reconcile all bank and control accounts for the month.
- ☐ Confirm VAT and PAYE remittances are filed and current.
- ☐ Document prior-year (pre-2026) positions under the repealed rules.
- ☐ Back up accounting records securely and test that they can be restored.

15 COMPLIANCE WATCH



The tax-transition milestones every business should have on its radar.

- **This month.** July PAYE remittance is due by 10 August and July VAT by 21 August — file on time to avoid penalties.
- **Prior year.** Pre-2026 liabilities, audits and disputes remain governed by the repealed laws; keep that documentation distinct.
- **Ahead.** Watch for e-invoicing phase-in guidance relevant to your size and sector, and prepare systems ahead of it.

16 CASE STUDY

ILLUSTRATIVE · ANONYMISED

A mid-sized Lagos distributor entered 2026 still invoicing and reconciling in spreadsheets. Facing e-invoicing and NRS data-matching, it moved core invoicing and bank reconciliation onto a cloud accounting system over a single quarter.

The immediate gains were operational — a faster month-end and fewer errors. The strategic gain was readiness: when a question about records now arises, the answer is a report, not a scramble. Preparation, not scale, was what protected the business.

17 OUTLIERS RECOMMENDATION

THIS WEEK'S RECOMMENDATION

Every business with annual revenue above ₦100 million should complete a finance-systems and records review before the end of the quarter — while the transition is orderly, and well before any enforcement contact. The cost of the review is trivial next to the cost of being unready.

18 CEO & BOARDROOM QUESTIONS

TWO QUESTIONS WORTH SITTING WITH

CEO question. If the Nigeria Revenue Service asked for twelve months of your records tomorrow, could your team produce them — fully reconciled — within a day?

Boardroom question. If you were presenting to your board tomorrow, which single number would you struggle to defend? That number is where your reporting needs work first.

19 THE OUTLIERS PERSPECTIVE

The 2025 reforms are often read as a story about new rates. The more important story is visibility. The NRS is built to see across payroll, banking and filings, which means the real compliance question is no longer simply "did we file?" but "do our records agree with each other?"

Treat the transition as a data-quality programme rather than a filing chore, and a regulatory burden becomes an operational advantage: cleaner, reconciled data serves the tax authority and your own decision-making at the same time. That is the difference between complying and competing.

20 CLOSING INSIGHT

Businesses rarely fail for lack of effort. More often, they fail because decisions were made with incomplete information. In a year of regulatory change, the firms that see clearly will act soonest — and act best. Better information leads to better decisions, and better decisions build stronger businesses.

YOUR MOVE THIS WEEK

Book a 30-minute NRS Readiness Review with Outliers Professionals — a focused session to find your gaps before enforcement does. outlierspro.com · Lagos | Abuja.

Each week rotates the action: download a checklist · complete an assessment · register for a webinar · read the full guide · book a consultation.