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Digital Revenue Governance and Subnational Fiscal Autonomy in Nigeria: Insights from the 2025 Tax Reform Framework

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Abstract - Nigeria's multi-tier fiscal system remains constrained by weak own-source revenue mobilisation and heavy reliance on federal transfers. This study analyses Nigeria's 2025 Tax Reform Framework to examine how digitalisation is repositioned as a core instrument of revenue governance. Drawing on statutory analysis and comparative decentralisation literature, the article develops a conceptual framework linking digital revenue governance to subnational fiscal autonomy through three mechanisms: revenue visibility, administrative capacity, and accountability. The findings indicate that instruments such as the Single Tax Window, e-invoicing, and automated data sharing improve transaction transparency, reduce administrative inefficiencies, and strengthen auditability, with implications for fiscal predictability at subnational levels. However, infrastructural gaps, legal ambiguities, uneven institutional readiness, and data-governance risks constrain reform outcomes. The study argues that sustainable fiscal autonomy requires legal harmonisation, inclusive intergovernmental data protocols, and sustained subnational capacity development.

Index Terms: Digital Revenue Governance, Fiscal Decentralisation, Nigeria Tax Reform, Public Finance Management, Subnational Fiscal Autonomy

I. INTRODUCTION

Nigeria's persistently low tax-to-GDP ratio, despite repeated legislative reforms, reflects deep-seated governance and administrative deficiencies rather than an absence of tax laws. From an endogenous growth perspective, institutional reforms that enhance information efficiency and governance quality can strengthen long-run productivity and fiscal capacity (Romer, 1986). Empirical evidence indicates that although major tax instruments such as Value Added Tax, Companies Income Tax, Petroleum Profit Tax, and Capital Gains Tax have undergone extensive statutory revisions, weak enforcement, limited transparency, and fragmented administrative systems continue to undermine effective revenue mobilisation (Adeosun, 2017; Oriakhi & Ahuru, 2014; Akinninyi et al., 2025). These structural weaknesses have constrained fiscal capacity across all tiers of government and reinforced dependence on volatile oil revenues and intergovernmental transfers.

Nigeria's 2025 tax reform agenda therefore represents a significant reorientation of fiscal governance by positioning digital transformation at the centre of tax administration reform. The enactment of the Nigeria Tax Act (2025), the Nigeria Tax Administration Act (2025), the Nigeria Revenue Service (Establishment) Act (2025), and the Joint Revenue Board (Establishment) Act (2025) constitutes the most comprehensive restructuring of Nigeria's tax architecture since 1999. These statutes seek to simplify tax legislation, harmonise administrative procedures, reduce tax multiplicity, and align revenue governance with international best practices (Adeoye & Oyelami, 2025; KPMG, 2025; PwC Nigeria, 2025). Unlike earlier reform efforts that prioritised statutory expansion, the 2025 framework embeds digitalisation as a structural governance instrument rather than a supplementary administrative enhancement.

A defining feature of the reform agenda is the institutionalization of digital tax administration through real-time transaction reporting, mandatory e-invoicing, integrated taxpayer registries, and interoperable platforms spanning federal, state, and local governments. The phased introduction of mandatory e-invoicing under the Merchant Buyer Solution (MBS), scheduled for July 2025, signals a transition from fragmented, paper-based systems to a unified digital architecture capable of capturing transactions in near real time (EY, 2025; KPMG, 2025). This shift responds to Nigeria's tax-to-GDP ratio of approximately 10–11 per cent, widely interpreted as symptomatic of persistent weaknesses in enforcement, compliance monitoring, and revenue visibility rather than statutory insufficiency (Reuters, 2025). Digitalisation under the 2025 reforms is therefore conceived as a structural mechanism for institutionalising efficiency, transparency, and accountability within revenue administration (Tandu, 2025).

These reforms operate within Nigeria's multi-tier fiscal structure, historically characterised by weak intergovernmental coordination and pronounced subnational dependence on federally distributed revenues. Through instruments such as the Single Tax Window and interoperable data platforms, the reform framework seeks to enhance revenue visibility, reduce leakages, and improve revenue attribution for states and local governments (PwC Nigeria, 2025). Whether these mechanisms translate into genuine subnational fiscal empowerment, however, depends on institutional readiness, legal clarity in revenue assignment and data-access arrangements, and the capacity of subnational governments to interpret and utilise digital outputs effectively. Against the backdrop of declining oil revenues, rising public debt, and intensifying fiscal pressures, digital revenue governance has become central to Nigeria's strategy for expanding non-oil revenues and strengthening fiscal sustainability (Akinninyi et al., 2025).

This study examines how digital mechanisms embedded in the 2025 reforms reshape intergovernmental fiscal relations and influence subnational fiscal autonomy, while identifying the institutional and governance constraints that condition reform outcomes. The article contributes to public administration scholarship by conceptualising digital revenue governance as an institutional multiplier within fiscal federalism, thereby bridging digital governance literature and decentralisation theory in a developing-countries.

Conceptual and Theoretical Framework

Digital Revenue Governance

Digital revenue governance is conceptualised in this study as the strategic institutional deployment of digital technologies to enhance fiscal transparency, operational efficiency, and accountability within revenue administration systems. It extends beyond routine digitisation of administrative procedures to encompass integrated electronic taxpayer registries, e-invoicing systems, real-time transaction reporting, interoperable databases, automated data-sharing platforms, and Single Tax Windows. Drawing on OECD-oriented fiscal federalism literature, digital governance represents a structural transition from fragmented and manual administrative systems to integrated, data-driven fiscal management architectures capable of improving revenue visibility and strengthening oversight (de Mello & Ter-Minassian, 2020; Monkam, 2024). When effectively institutionalised, such systems reduce informational asymmetries, limit discretionary enforcement, and embed accountability within revenue operations. Digital governance therefore functions not as a peripheral technological enhancement but as an institutional reconfiguration of how fiscal authority is exercised and coordinated across multi-tier governmental systems.

Subnational Fiscal Autonomy

Subnational fiscal autonomy refers to the capacity of state and local governments within a multi-tier system to mobilise adequate own-source revenues, exercise meaningful discretion over expenditure allocation, and assume responsibility for fiscal outcomes without excessive reliance on central transfers (Shah, 2007; de Mello & Ter-Minassian, 2020). It represents an operational condition shaped by revenue visibility, administrative capacity, and institutional accountability rather than a purely constitutional or legal attribute. In developing economies, fiscal autonomy is further influenced by tax incentive regimes, investment structures, and revenue elasticity conditions that determine the sustainability of subnational revenue bases (Zee et al., 2002). This study therefore treats fiscal autonomy as an outcome variable mediated by institutional and administrative conditions rather than as a static constitutional feature.

Nigeria's Fiscal Structure

Nigeria operates a constitutionally federal but fiscally centralised system comprising 36 states and 774 local government areas. Historically, subnational governments have depended heavily on federally distributed oil revenues, with weak own-source revenue mobilisation and fragmented tax administration across overlapping jurisdictions (World Bank, 2021). This structural configuration has constrained local fiscal discretion, weakened accountability incentives, and reinforced vertical fiscal imbalances. The 2025 tax reform framework introduces digital instruments including e-invoicing, automated data sharing, and the Single Tax Window designed to harmonise tax administration across tiers and strengthen revenue attribution (PwC Nigeria, 2025). Nigeria therefore provides a critical case for examining whether digitalisation can recalibrate intergovernmental fiscal relations within a historically centralised revenue architecture.

Theoretical Nexus

The relationship between digital revenue governance and subnational fiscal autonomy operates through three interrelated theoretical pathways.

First, enhanced revenue visibility improves the informational foundations of fiscal decision-making. Real-time transaction reporting and e-invoicing expand the observable tax base, reduce under-reporting, and strengthen forecasting accuracy (Monkam, 2024). Improved information symmetry aligns with endogenous growth theory, which emphasises the role of institutional quality in sustaining long-run fiscal capacity (Romer, 1986).

Second, administrative capacity is strengthened through automation and interoperability. Digital systems streamline registration, filing, assessment, and audit processes, thereby reducing compliance costs and administrative fragmentation (de Mello & Ter-Minassian, 2020). Third, accountability and transparency are reinforced through automated audit trails, interoperable dashboards, and structured disclosure systems, which reduce discretionary manipulation and enhance institutional credibility (Cordos et al., 2020; Christensen et al., 2023).

However, fiscal federalism theory emphasises that decentralisation outcomes depend on congruence between authority, information, and administrative competence (Shah, 2007). Digitalisation therefore modifies structural conditions but does not independently guarantee decentralised empowerment.

Conceptual Model

Building on the theoretical nexus, this study advances an integrated conceptual model in which digital revenue governance influences subnational fiscal autonomy through three interdependent transmission mechanisms: revenue visibility, administrative capacity, and accountability.

Digital instruments such as e-invoicing, real-time reporting, and interoperable databases generate visibility by expanding the observable tax base and strengthening revenue attribution. Process automation and shared digital infrastructure enhance administrative capacity by lowering collection costs and improving enforcement precision. Automated audit trails and fiscal dashboards institutionalise accountability, reinforcing transparency and voluntary compliance. The model further recognises moderating institutional conditions, including ICT infrastructure, legal clarity in data-access and revenue assignment, cybersecurity safeguards, and subnational technical capacity (Akinninyi, 2025; Liao et al., 2025). These moderating variables determine whether digitalisation produces transformative fiscal decentralisation or procedural administrative centralisation.

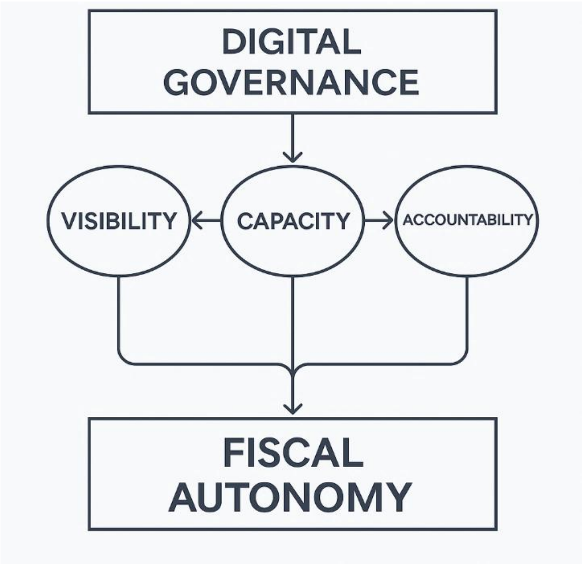

Figure 1. Conceptual Model of Digital Revenue Governance and Subnational Fiscal Autonomy

Source: Author's adaptation (2025), based on de Mello and Ter-Minassian (2020) and Monkam (2024).

II. MATERIALS AND METHODS

Research Design

This study adopts a qualitative, documentary, and conceptual analytical research design to examine how digital mechanisms embedded in Nigeria's 2025 Tax Reform Framework influence subnational fiscal autonomy. The research is grounded in institutional analysis and fiscal federalism theory, drawing on established scholarship on decentralisation and digital governance (Shah, 2007; de Mello & Ter-Minassian, 2020; Monkam, 2024). Rather than employing primary survey or econometric techniques, the study relies on structured statutory interpretation, policy analysis, and comparative institutional review.

The analytical process follows three sequential stages. First, relevant statutory instruments are examined to identify embedded digital governance provisions. Second, these provisions are mapped onto a theoretically derived analytical framework linking digital revenue governance to subnational fiscal autonomy. Third, institutional and legal conditions moderating this relationship are assessed through reference to existing decentralisation and governance literature (Akinninyi, 2025; Cordoș et al., 2020; Christensen et al., 2023; Liao et al., 2025). This design enables systematic linkage between statutory architecture and theoretical expectations within fiscal federalism scholarship.

Case Selection and Institutional Environment
Nigeria is selected as a critical case due to its historically centralised fiscal structure combined with extensive recent statutory reform. The country's 36 states and 774 local government areas operate within a revenue system characterised by weak own-source mobilisation, heavy reliance on federal transfers, and fragmented administrative coordination (World Bank, 2021). These structural features provide a suitable analytical setting for assessing whether digital reform can recalibrate intergovernmental fiscal dynamics.

The 2025 reform framework introduces electronic taxpayer registries, e-invoicing systems, automated data-sharing arrangements, and a unified Single Tax Window designed to harmonise administration across federal and subnational tiers (PwC Nigeria, 2025). This institutional environment therefore offers a natural context for examining the governance implications of digitalisation within a federal fiscal system.

Data Sources
The study relies exclusively on documentary and secondary materials. Primary sources comprise the Nigeria Tax Administration Act (2025), the Nigeria Tax Act (2025a), the Nigeria Revenue Service (Establishment) Act (2025b), the Joint Revenue Board (Establishment) Act (2025c), and the Nigeria Data Protection Act (2023). Secondary sources include policy analyses and implementation guidance from KPMG (2025), PwC Nigeria (2025), and EY (2025); international scholarship on decentralisation and fiscal governance (de Mello & Ter-Minassian, 2020; Monkam, 2024); empirical studies on tax administration in Nigeria (Obara & Nangih, 2017; Etim et al., 2021; Akintoye & Tashie, 2013; Dauda & Dauda, 2020; Akinninyi et al., 2025); digital governance and regulatory scholarship (Akinninyi, 2025; Cordoș et al., 2020; Christensen et al., 2023; Liao et al., 2025); and comparative analyses of digital public infrastructure (Mas'ud, 2025; Digital Policy Alert, 2025). These materials were systematically reviewed to extract statutory mandates, institutional design features, and governance mechanisms relevant to digital revenue administration.

Analytical Framework
Building on the study's conceptual foundations, the analytical framework links digital revenue governance to subnational fiscal autonomy through three interdependent transmission mechanisms. The first mechanism, revenue visibility, refers to the expansion of the observable tax base through e-invoicing, real-time reporting, and integrated registries (Monkam, 2024). The second, administrative capacity, captures efficiency gains derived from process automation and interoperable systems that reduce compliance and enforcement costs (de Mello & Ter-Minassian, 2020). The third mechanism, accountability and transparency, concerns the institutionalisation of automated audit trails, interoperable fiscal dashboards, and disclosure systems that strengthen oversight and public trust (Cordoș et al., 2020; Christensen et al., 2023).

The analytical model incorporates moderating institutional variables, including ICT infrastructure, legal clarity in revenue assignment and data-access rights, cybersecurity safeguards, and subnational technical capacity (Akinninyi, 2025; Liao et al., 2025). These conditions enable differentiation between procedural digitalisation and transformative fiscal decentralisation. To contextualise Nigeria's reform trajectory, the study integrates comparative evidence from jurisdictions that have implemented Continuous Transaction

Control systems and integrated e-invoicing architectures. Cross-national analyses of digital fiscal decentralisation (Monkam, 2024) and digital public infrastructure reform (Mas'ud, 2025) provide benchmarks for assessing institutional coherence, subnational data access, and potential centralisation risks.

Methodological Limitations

Given the documentary and conceptual orientation, the study does not employ post-implementation quantitative performance indicators. The recency of the 2025 reforms limits empirical outcome evaluation. Nonetheless, the structured analytical approach permits systematic assessment of statutory design, institutional alignment, and theoretical plausibility within a fiscal federalism framework.

IV. RESULTS

This section reports findings derived from the statutory review and institutional analysis. The results are organised into seven analytical domains: statutory embedding of digital governance, operational configuration of digital mechanisms, revenue visibility effects, administrative capacity effects, accountability and predictability outcomes, interaction of institutional constraints, and consolidated findings.

Statutory Embedding of Digital Governance

The statutory review indicates that the 2025 reform framework codifies digital revenue governance as a legally binding component of fiscal administration. The Nigeria Tax Administration Act (2025) consolidates administrative procedures and formally recognises electronic records, digital filing, and automated reporting systems (KPMG, 2025; PwC Nigeria, 2025; EY, 2025). Digital processes are therefore embedded within enforceable statutory provisions rather than administrative guidelines. The Nigeria Revenue Service (Establishment) Act (2025) assigns responsibility for national digital tax infrastructure, including e-invoicing systems and interoperable registries (PwC Nigeria, 2025; KPMG, 2025). The Joint Revenue Board (Establishment) Act (2025) establishes a coordination mechanism for intergovernmental alignment, while the Nigeria Tax Act (2025a) standardises substantive tax provisions in ways compatible with digital enforcement tools (PwC Nigeria, 2025). Documentary analysis further identifies areas of statutory indeterminacy concerning subnational data-access provisions and revenue attribution arrangements (PwC Nigeria, 2025; Eneanya, 2018; de Mello & Ter-Minassian, 2020). These provisions collectively define the institutional architecture within which digital governance operates.

Operational Configuration of Digital Mechanisms

The reform framework operationalises digital governance through three integrated instruments: the Single Tax Window (STW), mandatory e-invoicing, and automated data sharing. The phased introduction of e-invoicing under the Merchant Buyer Solution (MBS) establishes transaction-level reporting and real-time validation mechanisms (EY, 2025; KPMG, 2025). This configuration aligns with Continuous Transaction Control models identified in comparative fiscal governance literature (Monkam, 2024; Mas'ud, 2025). Automated data sharing enables structured machine-to-machine exchange between taxpayer systems, financial institutions, and revenue authorities (Mas'ud, 2025; Digital Policy Alert, 2025). Integration with digital identity and payment infrastructures supports cross-verification of fiscal data. The STW operates as a centralised interface consolidating taxpayer engagement and intergovernmental reporting (PwC Nigeria, 2025). The comparative evidence indicates that similar integrated systems implemented in Brazil, India, and Chile were associated with strengthened compliance monitoring and revenue performance (Monkam, 2024; OECD, 2022). Nigeria's framework reflects comparable structural features, with evolving provisions regarding subnational data access (PwC Nigeria, 2025).

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Table 1. Comparative Digital Revenue Governance Models and Subnational Fiscal Implications

Feature	Nigeria (2025 Reforms)	Brazil	India	Chile
Core Digital Instrument	STW, pre-clearance e-invoicing (MBS), automated data sharing	SPED system, e-invoicing (NF-e)	GST Network (GSTN), e-invoicing	Electronic tax receipts, integrated VAT systems
Transaction Control Model	Pre-clearance for large taxpayers; phased rollout	Continuous Transaction Control (CTC)	Hybrid real-time and post-clearance	Near-real-time reporting
Subnational Access to Data	Emerging, legally evolving	Statutorily defined	Platform-mediated, shared	Clearly integrated
Impact on Fiscal Autonomy	Potentially enhancing but institutionally conditioned	Strong enhancement of state-level VAT control	Improved predictability but centre-led	High transparency and subnational accountability
Key Risk	Re-centralisation through data control	System complexity	Central dominance	Compliance burden

Source: Author's synthesis based on Monkam (2024), OECD (2022), PwC Nigeria (2025).

Revenue Visibility Effects

The analysis identifies enhanced revenue visibility as a primary outcome of digital mechanism integration. E-invoicing and real-time reporting expand the observable tax base by capturing transactions at the point of economic activity. This addresses previously documented constraints associated with fragmented registries and delayed reporting (World Bank, 2021). Automated reconciliation of taxpayer declarations with third-party transaction data improves the timeliness and consistency of revenue information available to subnational authorities (Mas'ud, 2025). Integration within the STW facilitates clearer revenue attribution across jurisdictions (PwC Nigeria, 2025). The findings indicate improved informational capacity for subnational forecasting and budget planning. However, documentary evidence suggests that access conditions and data governance arrangements influence how visibility enhancements are distributed across tiers (Monkam, 2024; de Mello & Ter-Minassian, 2020).

Administrative Capacity Effects

Digital platform integration is associated with reduced manual processing and increased automation across registration, filing, assessment, and enforcement procedures (PwC Nigeria, 2025; Mas'ud, 2025). These changes reduce transaction costs and administrative fragmentation. Empirical literature indicates that administrative architecture significantly influences revenue performance (Obara & Nangih, 2017; Etim et al., 2021; Emenyi et al., 2016; Akinninyi et al., 2025). The statutory configuration establishes operational conditions consistent with improved internally generated revenue mobilisation. The analysis identifies differentiated capacity conditions across subnational jurisdictions. Variations in ICT infrastructure and digital skills influence the effective utilisation of digital systems (World Bank, 2023; BudgIT, 2022). These variations define the distribution of administrative gains across tiers.

Accountability and Predictability Outcomes

Automated audit trails, interoperable dashboards, and real-time reporting mechanisms strengthen institutional oversight structures (Cordoş et al., 2020; Christensen et al., 2023). Cross-verification through automated data sharing enhances audit precision and reduces informational asymmetry (Mas'ud, 2025). Improved transparency is associated with voluntary compliance and institutional trust dynamics (Ali et al., 2014; Brookings Institution, 2023). Real-time reporting also improves forecasting accuracy and budget execution reliability at subnational levels. Comparative evidence indicates that digitalisation effects vary across tax categories. Electronic filing strengthened VAT performance but demonstrated limited corporate tax compliance effects absent complementary enforcement safeguards (Ajagun et al., 2025). Cybersecurity safeguards and intergovernmental data protocols influence the distribution of oversight authority (OECD, 2020; World Bank, 2020; Eneanya, 2018; Wantchekon & Asadurian, 2002).

Interaction of Institutional Constraints

The findings indicate that institutional capacity limitations, legal ambiguities, and political economy dynamics operate interactively. ICT gaps and uneven digital readiness affect the effective utilisation of shared fiscal data (World Bank, 2023; Monkam, 2024). Legal indeterminacy regarding data ownership and revenue retention influences cooperative federal arrangements (de Mello & Ter-Minassian, 2020; PwC Nigeria, 2025). Political economy dynamics shape reform absorption in environments characterised by entrenched discretionary practices (Olaoye & Akinwale, 2024). These interacting factors define the conditional character of digital governance outcomes across Nigeria's multi-tier fiscal structure.

The consolidated results indicate that Nigeria's 2025 reform framework establishes a legally codified digital governance architecture supported by integrated technological instruments. The evidence documents enhanced revenue visibility, automated administrative processes, and strengthened oversight mechanisms. The distribution and durability of these outcomes vary according to institutional readiness, legal configuration, and intergovernmental data governance structures (de Mello & Ter-Minassian, 2020; Monkam, 2024).

V. DISCUSSION

Implications for Subnational Fiscal Autonomy

These findings suggest that Nigeria's 2025 digital revenue governance framework has substantive implications for subnational fiscal autonomy through its effects on revenue visibility, administrative capacity, and accountability structures. Enhanced revenue visibility strengthens the informational basis upon which subnational governments formulate budgets, forecast revenues, and align expenditure commitments. Within fiscal federalism theory, information symmetry is foundational to allocative efficiency and fiscal discipline (Shah, 2007; de Mello & Ter-Minassian, 2020). The expansion of transaction-level reporting through e-invoicing and automated reconciliation reduces uncertainty surrounding revenue flows, thereby improving the credibility of subnational fiscal projections (Monkam, 2024; Mas'ud, 2025). From an endogenous growth perspective, improvements in governance quality and information efficiency can reinforce long-run fiscal capacity (Romer, 1986).

Administrative automation introduces a second interpretive dimension. While digital platforms streamline processes and reduce compliance frictions (PwC Nigeria, 2025; Obara & Nangih, 2017; Etim et al., 2021), their impact on fiscal autonomy depends on subnational capacity to absorb and operationalise digital infrastructure. Fiscal federalism scholarship emphasises that decentralisation outcomes are mediated by administrative competence rather than determined by formal reform alone (de Mello & Ter-Minassian, 2020). Variations in digital readiness across jurisdictions (World Bank, 2023; BudgIT, 2022) imply that autonomy-enhancing effects may be uneven. Consequently, digitalisation may expand fiscal opportunity sets in some states while leaving structurally constrained jurisdictions dependent on federal systems.

Accountability and predictability further shape autonomy outcomes. Automated audit trails and interoperable dashboards reduce informational asymmetry and strengthen institutional oversight (Cordoş et al., 2020; Christensen et al., 2023). Increased transparency is associated with higher voluntary compliance and strengthened institutional trust (Ali et al., 2014; Brookings Institution, 2023). However, comparative evidence indicates that digital tools do not uniformly enhance compliance across tax categories (Ajagun et al., 2025). These findings suggest that digital revenue governance alters the structural environment of fiscal autonomy but does not independently determine decentralisation outcomes.

Institutional and Political Economy Constraints

The broader implications of digital reform are conditioned by institutional and political economy dynamics. Institutional asymmetries between federal and subnational authorities influence the absorption and utilisation of digital systems (World Bank, 2023; Monkam, 2024). Fiscal federalism theory underscores the necessity of congruence

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between authority, information, and administrative capability (Shah, 2007). Where subnational ICT infrastructure and analytical capacity remain underdeveloped, digital systems may consolidate informational control at the centre despite statutory provisions for coordination. Legal ambiguities surrounding data ownership, revenue attribution, and enforcement authority further complicate governance outcomes (PwC Nigeria, 2025; Eneanya, 2018; de Mello & Ter-Minassian, 2020).

In federal systems, clearly defined intergovernmental protocols are essential to maintaining cooperative fiscal arrangements. The absence of explicit data-access guarantees may shift bargaining dynamics and affect the distribution of oversight authority within the fiscal system.
Political economy factors intensify these institutional constraints. Digital transparency reduces discretionary control over revenue processes, potentially altering incentive structures for political and bureaucratic actors (Olaoye & Akinwale, 2024). Resistance may manifest through selective implementation or restricted data-sharing practices. Moreover, reform durability depends on public trust. Digital governance is more likely to generate sustained compliance where transparency is associated with fairness, equity, and improved service delivery (Liao et al., 2025). Without trust reinforcement, surveillance-enhancing reforms may not produce long-term legitimacy gains (Ali et al., 2014).

Risks of Re-centralisation
Digital governance is frequently presented as efficiency-enhancing; however, these findings highlight potential risks of administrative re-centralisation. Centralised digital infrastructure consolidates fiscal data, analytical capacity, and enforcement algorithms within federal institutions. In federations, control over fiscal data represents a significant source of institutional authority (de Mello & Ter-Minassian, 2020). Where subnational data-access rights remain evolving (PwC Nigeria, 2025), digitalisation may expand monitoring authority without proportionate expansion of subnational discretion.

Comparative experience suggests that digital compliance systems can reinforce central oversight where governance structures are asymmetrical (OECD, 2020; World Bank, 2020). The differentiated tax outcomes observed in Nigeria, particularly the uneven compliance effects across tax categories (Ajagun et al., 2025; Akinninyi et al., 2025), indicate that technological reform does not automatically recalibrate underlying power distributions within fiscal systems. Cybersecurity and data-governance considerations further interact with centralisation risks. Concentration of sensitive fiscal data increases regulatory complexity and vulnerability (OECD, 2020). Where cybersecurity frameworks and intergovernmental data protocols lack coherence, subnational participation in digital governance may remain structurally constrained (Eneanya, 2018; Wantchekon & Asadurian, 2002). Re-centralisation therefore emerges not as a technological inevitability but as a function of institutional configuration and governance design.

Fiscal Federalism and Digitalisation
within established fiscal federalism scholarship, classical decentralisation theory posits that subnational autonomy enhances allocative efficiency when local governments possess adequate revenue authority, information access, and administrative competence (Shah, 2007). Digital revenue governance directly addresses the informational dimension by reducing asymmetry and strengthening revenue visibility (Monkam, 2024). From an endogenous growth perspective, improvements in governance quality and information efficiency support sustainable fiscal expansion (Romer, 1986). However, fiscal federalism literature emphasises that effective decentralisation requires congruence between revenue assignment, expenditure responsibility, and institutional accountability (de Mello & Ter-Minassian, 2020). Nigeria's reform framework strengthens informational and administrative infrastructure but operates within a historically centralised fiscal structure (World Bank, 2021). The extent to which digital reform advances decentralisation therefore depends on institutional integration rather than technological deployment alone.

Digital revenue governance may thus be understood as an institutional multiplier. Where legal clarity, administrative competence, and cooperative governance structures are aligned, digitalisation can reinforce subnational fiscal autonomy. Where these conditions remain incomplete, digital reform may primarily enhance compliance oversight and monitoring capacity without substantively expanding decentralised authority. Within fiscal federalism theory, digital governance therefore functions as a conditional instrument rather than an inherently decentralising innovation.

VI. CONCLUSION

This study analysed how digital mechanisms embedded in Nigeria's 2025 Tax Reform Framework reshape intergovernmental fiscal relations and influence subnational fiscal autonomy. Drawing on statutory interpretation and fiscal federalism theory, the analysis demonstrated that digital revenue governance operates through three interrelated transmission channels: enhanced revenue visibility, strengthened administrative capacity, and institutionalised accountability and predictability. Real-time transaction reporting, e-invoicing, and automated data sharing expand the observable tax base, improve forecasting accuracy, and reduce information asymmetry across government tiers (Monkam, 2024; Mas'ud, 2025). Administrative automation lowers compliance costs and streamlines enforcement processes, while interoperable dashboards and audit trails reinforce oversight and transparency (de Mello & Ter-Minassian, 2020; Cordoș et al., 2020; Akinninyi, 2025).

Theoretically, the study advances fiscal federalism scholarship by conceptualising digital revenue governance as a conditional institutional multiplier rather than an inherently decentralising reform. While digital systems enhance information efficiency in ways consistent with endogenous growth theory (Romer, 1986), decentralisation outcomes depend on congruence between data access, administrative competence, and clearly defined revenue assignments (Shah, 2007; de Mello & Ter-Minassian, 2020). In fiscally centralised systems characterised by uneven institutional readiness, digitalisation may strengthen monitoring capacity without proportionately expanding subnational discretion. Nigeria's reform trajectory therefore illustrates both the autonomy-enhancing potential and the structural risks of re-centralisation embedded in data-driven fiscal architectures (OECD, 2020; World Bank, 2023).

From a policy perspective, sustainable subnational fiscal empowerment requires complementary institutional reforms. Legal harmonisation is necessary to clarify intergovernmental data-access rights and revenue-attribution protocols. Sustained investment in subnational ICT infrastructure, digital audit tools, and professional capacity development is essential to prevent asymmetric reform absorption. Strengthened cybersecurity and tax-specific data governance frameworks are equally critical to safeguarding institutional trust and ensuring that transparency reinforces fiscal legitimacy rather than intensifies central oversight (Liao et al., 2025).

This study is limited by its documentary and conceptual orientation and by the absence of post-implementation performance data, given the recency of the 2025 reforms. Future research should employ panel data, difference-in-differences designs, or quasi-experimental approaches to examine the relationship between digital adoption indicators and subnational revenue performance, budget credibility, audit quality, and service delivery outcomes. Ultimately, the long-term success of Nigeria's digital revenue governance reforms will be measured not by technological sophistication alone, but by their capacity to generate an equitable, accountable, and institutionally balanced fiscal system that substantively strengthens subnational fiscal autonomy.

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