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Mitigating Enterprise Financial Exposure: Standardization of Stamp Duty Policies and Class Action Defense Protocols

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Abstract- ***Between 2016 and 2018, Nigerian deposit money banks and large commercial enterprises were caught in a regulatory contradiction with few parallels in modern African fiscal practice. A circular issued by the Central Bank of Nigeria in January 2016 directed the collection of a fifty-naira stamp duty on teller deposits and electronic transfers of one thousand naira and above. Within months, the Court of Appeal held that no such obligation existed in the Stamp Duties Act. The Federal High Court affirmed that position in 2017. Yet the deductions continued through 2018, driven by regulatory instruction, revenue pressure, and the absence of a withdrawal directive. The result was an accumulating pool of contingent liability estimated in the hundreds of billions of naira, exposed to restitutionary claims, exemplary damages, contempt proceedings, and multi-agency revenue audits.***

This paper examines that exposure and proposes two interlocking mitigation instruments. The first is a Standardized Stamp Duty Policy Framework, a governance architecture that subordinates every duty collection decision to a documented legal-basis test, an instrument taxonomy, a segregated accounting treatment, and an evidentiary trail capable of surviving both a tax audit and a restitution claim. The second is a Class Action Defense Protocol, a staged response system covering early-warning analytics, procedural and substantive defenses, aggregation resistance, provisioning under IAS 37 and IFRIC 23, settlement design, and disclosure governance.

The paper argues that the 2018 Nigerian stamp duty episode is not an isolated regulatory accident but a recurring structural pattern: where fiscal legislation lags technological change, where a regulator issues instructions that outrun statutory authority, and where the individual harm is small but the affected class is enormous, the intermediary enterprise absorbs the entire risk. Standardization is proposed not as a compliance formality but as the primary mechanism by which that absorbed risk is priced, bounded, and defended.

Keywords: stamp duty, enterprise risk, contingent liability, class action, representative action, collective redress, restitution, tax governance, Nigeria, financial services regulation

I. INTRODUCTION

Stamp duty is among the oldest instruments of revenue administration still in continuous use. Introduced into Nigeria by Ordinance 41 of 1939 and codified as the Stamp Duties Act, Chapter S8, Laws of the Federation of Nigeria 2004, the levy attaches to written instruments rather than to persons or income. That architectural choice, sensible in an era of paper conveyances and physical receipts, proved a poor fit for an economy in which value moved by electronic transfer, point of sale terminal, and mobile application.

The mismatch mattered little while stamp duty remained a marginal head of revenue confined to company incorporation, share capital increases, and property conveyances. It became consequential when the collapse of international crude prices from 2014 onward forced the Nigerian federal government toward aggressive non-oil revenue mobilization. Stamp duty on banking transactions offered an attractive target: the base was vast, collection could be automated at the point of transaction, and the intermediaries, being licensed and supervised, were readily compelled. The pattern is a familiar one across the region, where the gap between a formal statutory reporting framework and its administrative implementation is a recurring source of fiscal dysfunction (Dogbatsey & Ebhojie, 2018).

What followed was a sequence of litigation, regulatory instruction, and legislative catch-up that placed enterprises in an unresolvable position. By 2018, a bank collecting the duty was acting in defiance of binding appellate authority. A bank declining to collect it was exposed to regulatory sanction and to

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revenue-agency assessment for unremitted sums. Neither course was safe, and the cost of choosing wrongly was measured not in the fifty naira per transaction but in the aggregate of every transaction across every customer over several years.

The vulnerability at issue arises wherever three conditions operate together. The first is legal-basis instability, where authority for a charge is assembled from instruments of different hierarchical weight, in this case a principal Act, a schedule to that Act, financial regulations, an agency agreement, and a regulatory circular, with the lower instruments purporting to expand what the higher ones authorize. The second is conflicting compulsion, where an enterprise receives directions from a prudential regulator that binding judicial authority has invalidated while the regulator withholds any corrective directive. The third is asymmetric aggregation, where the per-transaction harm is trivial and the per-transaction defense cost prohibitive, but the class of affected persons is measured in tens of millions of accounts, so that the aggregate claim dwarfs the enterprise's litigation reserve. Under these conditions, compliance decisions taken by operations, tax, treasury, and legal functions in isolation produce inconsistent practice, incomplete records, and an indefensible litigation position. Where legal risk is not carried as a governed and continuously monitored variable, it is discovered only at the point of crystallization (Mbonu, Aliliele, Iwuanyanwu, & Oluoha, 2018). The difficulty is therefore not merely one of substantive tax law but of enterprise governance: absent a standardized policy and a pre-agreed defense protocol, a legal ambiguity becomes an unquantified balance sheet exposure.

This paper traces the doctrinal and regulatory origins of that exposure, characterizes and quantifies it for financial reporting purposes, and evaluates how the structure of Nigerian collective redress procedure amplifies or constrains it relative to the group litigation mechanisms of England and Wales and the class certification regime of the United States. On that basis it develops two interlocking instruments: a standardized stamp duty policy framework suitable for adoption at board level, and a staged class action defense protocol integrating legal, accounting, communications, and insurance responses. Two features of the treatment are worth signalling at the outset. Fiscal instrument design and collective redress procedure are analysed together rather than separately, on the argument that the design of a levy determines the shape of the class that can later be assembled to challenge it. And the exposure is modelled as a two-sided rather than a one-sided risk, in which the measures that reduce restitution liability increase assessment liability, so that conventional compliance reasoning offers no guidance.

The analysis takes 2018 as its anchor, that year representing the point of maximum tension in the Nigerian regime: the Court of Appeal decision of April 2016 was subsisting and unreversed, the Federal High Court decision of March 2017 had reinforced it, the amendment bill intended to cure the statutory gap was pending before the National Assembly, multi-agency revenue audits of collection and remittance were being mounted, and the deductions themselves continued without interruption. The treatment is confined to civil financial exposure; criminal liability, individual director liability, and employment consequences are noted but not pursued, and the comparative material is illustrative rather than systematic.

The approach is doctrinal and analytical, supplemented by a documentary case study. The conceptual modelling component, in which a governance problem is decomposed into named components and expressed as a framework prior to empirical testing, follows established practice in adjacent risk disciplines (Arumosoye & Obriki, 2018; Obriki & Arumosoye, 2018), and the review protocol applied to the secondary material follows the systematic approach set out by Atta, Asomani, and Adenuga (2018). Primary sources comprise the Stamp Duties Act, the Nigerian Postal Service Act, the Federal Government Financial Regulations 2009, the relevant Central Bank circular, the rules of civil procedure of the Federal High Court and the High Court of Lagos State, and the reported and unreported decisions arising from the stamp duty dispute. Secondary sources comprise professional firm commentary, tax tribunal reasoning, and comparative practice guides. Quantitative figures are drawn from judicial records and published regulatory material and are used to establish orders of magnitude rather than precise sums.

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II. RELATED LITERATURE AND CONCEPTUAL FRAMEWORK

2.1 Related Literature and Methodological Antecedents

Direct scholarship on the Nigerian stamp duty controversy is thin, and the paper therefore draws its analytical apparatus from adjacent literatures on compliance governance, risk modelling, and enterprise standardization. Four substantive strands are relevant. The first concerns tax governance and compliance analytics as a continuing enterprise function rather than a periodic filing obligation. Lawal and Oduleye (2018b) develop a conceptual framework for tax governance and cross-border compliance analytics, treating the governance of uncertain tax positions as an analytics problem susceptible to structured monitoring, while their companion study on financial analytics driven enterprise value creation supplies the valuation logic by which investment in such governance is justified to a board (Lawal & Oduleye, 2018a). Dogbatsey and Ebhojie (2018) survey budget compliance and statutory reporting across Sub-Saharan Africa and identify the persistent divergence between formal reporting frameworks and administrative implementation, which is precisely the space in which the stamp duty exposure formed.

The second strand concerns assurance and legal risk modelling. Akomolafe and Agu (2018) propose a model for enhancing internal audit quality through technology-enabled risk assessment, and that model supplies the assurance architecture on which Component Nine of the framework proposed below depends. Mbonu, Aliliele, Iwuanyanwu, and Oluoha (2018) model legal and ethical risk within enterprise data protection governance systems, and their central proposition, that legal risk must be carried as a governed variable rather than as an occasional legal opinion, transfers directly from data protection to fiscal exposure.

The third strand concerns predictive and monitoring frameworks for compliance failure. Adeyelu (2018) develops a predictive compliance monitoring framework that detects systemic safety risk from aviation consumer complaint data, and that design is the direct antecedent of the complaint-clustering analytics specified in Phase One of the defense protocol below. Dagodzo (2018a, 2018b) examines monitoring frameworks for infrastructure corridors and their integration into national inspection programmes, illustrating the general problem of converting continuous monitoring output into an institutional trigger for action rather than into an unread report.

The fourth strand concerns the standardization of enterprise process under operational constraint. Okonkwo, Ogunwole, and Okeke (2018a) develop a framework for strategic procurement optimization and, in a companion study, model inventory availability and plant uptime improvement in energy facilities (Okonkwo, Ogunwole, & Okeke, 2018b), both demonstrating that standardization delivers its benefit through documented decision rules rather than through discretionary judgement exercised case by case. Ladapo, Dosunmu, Jooda, and Abolaji (2018) report lessons from the offline assessment of security-critical systems, and Badmus, Dosunmu, and Ozowara (2018) review deployment pipeline strategies and their change control outcomes, together supplying the configuration governance logic adopted in Component Seven. Aminu-Ibrahim, Ogbete, and Ambali (2018) and Ogbete, Aminu-Ibrahim, and Ambali (2018) address standardized infrastructure design and spatial planning in resource-constrained systems, and Bobga, Boakye, Ogbona, and Yeboah (2018) examine institutional practice under comparable constraint in the education sector. Each reinforces the proposition that standardization yields its largest return precisely where institutional capacity is weakest.

Beyond these strands, the paper's method has antecedents in fields far removed from fiscal law, and they are acknowledged here as method rather than as authority. The multi-objective formulation used in section 5.1, in which a single exposure figure aggregates terms that respond to different management levers, parallels the multi-algorithm objective function work of Amayo, Ubeku, and Oshevire (2015), Amayo (2017), and Amayo and Popoola (2017a). Studies of comparative evaluation under differing management regimes, including Aye and Tawose (2015, 2016), illustrate the same design logic applied to graded interventions. Work on infrastructure and service quality in the Nigerian operating environment, including Amayo and Popoola

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(2017b), Oshevire, Eyenubo, and Amayo (2017), and Sunday and Omoegun (2018), supplies context for the resource and reliability constraints under which the enterprises studied here operate.

2.2 Enterprise Financial Exposure

Enterprise financial exposure, as used here, denotes the aggregate of actual and contingent claims on enterprise resources arising from a defined risk event, together with the cost of defending, provisioning for, and disclosing those claims. It differs from simple liability in three respects. It includes amounts not yet claimed but claimable. It includes the transaction costs of resistance, which in aggregated litigation frequently exceed the primary claim. And it includes the derivative costs of disclosure, principally the effect on cost of capital, regulatory capital treatment, and counterparty confidence. Treating exposure in these terms aligns the measurement of fiscal risk with the analytics through which enterprise value is managed generally (Lawal & Oduleye, 2018a).

For the stamp duty case, exposure decomposes into six heads:

Head of exposure	Nature	Trigger
Restitution of sums collected	Primary, quantifiable	Judicial declaration of invalidity
Interest on sums collected	Primary, accretive	Judgment or statutory rate
Exemplary or punitive damages	Contingent, discretionary	Finding of deliberate disregard of court orders
Revenue assessment for non-collection	Primary, adverse in the opposite direction	Audit by revenue or fiscal commission
Defense and administration cost	Certain, escalating	Commencement of proceedings
Reputational and regulatory cost	Diffuse, non-linear	Public reporting, supervisory attention

The distinguishing feature of the 2018 position is that the fourth head runs directly against the first three. An enterprise that reduced its restitution exposure by ceasing collection increased its assessment exposure, and vice versa. Conventional risk management, which assumes that compliance reduces exposure, offers no guidance where compliance with one authority constitutes non-compliance with another.

2.3 The Intermediary Burden

Where a levy is imposed at the point of transaction and collected by a licensed intermediary, the intermediary occupies a position of unremunerated risk. It does not bear the economic incidence of the duty, which falls on the customer. It does not receive the revenue, which passes to the fiscal authority or its agent. It does receive, in full, the litigation risk if the collection is later held unlawful and the assessment risk if the collection is omitted.

This asymmetry is the analytical core of the paper. The intermediary's rational response is not to seek certainty about the underlying legal question, which it cannot supply, but to construct a documentary and procedural position that survives either outcome. This is the governance posture that Lawal and Oduleye (2018b) describe in their framework for tax governance and cross-border compliance analytics, in which uncertain positions are managed as monitored exposures rather than resolved as legal questions. Standardization is the means by which that position is constructed.

2.4 Collective Redress as an Exposure Multiplier

A claim worth fifty naira is not worth litigating. A claim worth fifty naira multiplied by every qualifying transaction on every account over three years is worth litigating intensely. Collective redress procedure is the mechanism that performs that multiplication, and the availability and shape of that procedure in a given jurisdiction is therefore a direct determinant of enterprise exposure.

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Three procedural variables govern the multiplier. Aggregation permissiveness determines whether the class can be assembled at all. Opt-in versus opt-out architecture determines the size of the class once assembled. Funding availability, including contingency fee arrangements and third party litigation funding, determines whether anyone has the incentive to assemble it. A jurisdiction permissive on all three produces exposure orders of magnitude greater than a jurisdiction restrictive on all three, on identical substantive facts. The cross-border variability of that multiplier is itself an argument for centralized compliance analytics rather than local discretion (Lawal & Oduleye, 2018b).

2.5 Administrative Instruments and the Limits of Delegated Authority

A fourth conceptual strand underpins the analysis and requires separate statement, because it supplies the doctrinal reason why the exposure could arise at all. Fiscal obligations in a constitutional system are imposed by legislation. Administrative instruments, whether styled as circulars, guidelines, directives, or information notices, operate within the space that legislation has already created. They may specify the manner of compliance with an existing obligation. They may not create the obligation itself.

The distinction is easy to state and persistently difficult to police, for three reasons. First, the administrative instrument is often the only document the regulated enterprise actually reads. A circular arrives with a compliance deadline, a reporting template, and a supervisory contact; the statute sits in a library. The practical authority of the instrument therefore exceeds its legal authority, and the enterprise that treats the two as equivalent is making an error that its own operating environment encourages.

Second, the instrument is frequently issued by a body with real coercive power over the enterprise, even where it has no power at all over the subject matter. A prudential regulator can restrict a licence, impose administrative penalties, and direct the removal of officers. None of those powers depends on the regulator being right about the tax question. An enterprise weighing a directive against a judgment is therefore not weighing two legal propositions of equal practical force; it is weighing a legal proposition against an immediate operational threat.

Third, the invalidity of an administrative instrument is usually established only after a substantial period of compliance. Judicial review takes years. Deductions take milliseconds. By the time invalidity is declared, the enterprise has performed the instrument millions of times, and the question is no longer whether to comply but what to do about a completed course of conduct. This temporal asymmetry between the speed of automated compliance and the speed of legal correction is a structural feature of digitally administered levies and has no counterpart in the paper-based system the Stamp Duties Act was written for.

These three features together explain why the standard enterprise response to legal uncertainty, which is to obtain an opinion and file it, is inadequate. An opinion addresses whether the instrument is valid. It does not address what the enterprise should do during the years in which the answer is unknown, nor what it should be able to show afterward. The framework developed in section 6 is directed at that interval rather than at the underlying question, and it treats legal risk in the manner urged by Mbonu, Aliliele, Iwuanyanwu, and Oluoha (2018), as a governed variable carried on the enterprise's own systems rather than as an external question awaiting external resolution.

2.6 Standardization as a Risk Control

The final construct required is standardization itself, which is used here in a specific sense that differs from its ordinary compliance meaning.

Standardization in the compliance sense denotes uniformity of outcome: every unit does the same thing. Standardization in the risk control sense denotes uniformity of decision rule: every unit reaches its decision by the same documented route, whether or not the outcomes coincide. The distinction matters because uniformity of outcome is exactly what generated the aggregation risk examined in this paper. A system-wide identical deduction supplied the commonality that a collective claim requires, and had practice varied across institutions the class would have been far harder to assemble.

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What the framework proposes is therefore not more uniformity of outcome but uniformity of process, which has three properties that uniformity of outcome lacks. It is evidenced by documents that exist before the dispute rather than by conduct reconstructed afterward. It produces a defensible answer to the question of why the enterprise acted as it did, which is the question the good faith inquiry asks. And it permits divergence where the legal position diverges, so that an institution can cease collection for a customer who has given notice while continuing elsewhere, without that divergence appearing arbitrary.

The literature on process standardization in operational settings supports the same reading. Its benefit is attributed to documented decision rules applied consistently rather than to the merit of any particular rule (Okonkwo, Ogunwole, & Okeke, 2018a), and to the traceability of every change to an approving authority (Badmus, Dosunmu, & Ozowara, 2018). Both properties are evidential as much as operational. The value they deliver in a dispute is the capacity to show what was decided, by whom, on what basis, and when, which is precisely what an enterprise operating under conflicting instructions needs and precisely what ad hoc compliance cannot supply.

A final observation completes the conceptual framework. Standardization is most valuable where institutional capacity is weakest, since it substitutes a documented rule for judgement that may not be available at the point of decision (Aminu-Ibrahim, Ogbete, & Ambali, 2018; Bobga, Boakye, Ogbona, & Yeboah, 2018). In the present context the constrained resource is not technical skill but attention: the decision whether to continue an automated deduction is taken, if at all, by people whose primary responsibilities lie elsewhere and under production pressure. A framework that requires them to exercise judgement will fail. A framework that requires them to execute a stated rule within a stated period may not.

III. THE NIGERIAN STAMP DUTY REGIME TO 2018

3.1 The Statutory Architecture

Section 3(1) of the Stamp Duties Act establishes the charge. The Act operates on "instruments," historically understood as written documents capable of physical stamping. The Schedule to the Act prescribes the applicable rates by instrument category. In relation to receipts, the Schedule prescribed a rate of two kobo on receipts for transactions from four naira upwards, a figure whose obsolescence by 2016 requires no comment but whose legal subsistence proved decisive.

Alongside the Act sat the Nigerian Postal Service Act, which vested certain postal and revenue stamp functions in the Nigerian Postal Service, and the Federal Government Financial Regulations 2009, an executive instrument of the Federation. The Nigerian Postal Service in turn entered into an agency arrangement with a private company, Kasmal International Services Limited, for the collection of a fifty naira charge on receipts issued by banks and financial institutions in respect of electronic transfers and teller deposits of one thousand naira and above, with the agent's remuneration set at seven naira fifty kobo from each fifty naira collected.

The architecture therefore attempted to derive a fifty naira charge on electronic banking transactions from a combination of a 1939 statute silent on electronic instruments, a schedule prescribing two kobo, a postal services statute, a set of financial regulations, and a private agency contract. No provision of the principal Act imposed the charge in terms.

3.2 The First Instance Decisions of 2014

The agent commenced proceedings to compel collection and remittance. In Suit No FHC/L/CS/1462/2013, brought against twenty-two deposit money banks, the Federal High Court held on 17 February 2014 that a combined reading of the Stamp Duties Act, the Nigerian Postal Service Act, the Financial Regulations, and the agency agreement obliged the banks to deduct and remit the charge. In Suit No FHC/L/CS/1710/2013, brought against the Central Bank of Nigeria, the court held on 17 April 2014 to similar effect, and treated the apex bank and the deposit money banks as obliged to implement the deduction.

These decisions supplied the ostensible legal foundation for what followed. Their fragility, resting as they did on the aggregation of instruments none of

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which independently imposed the charge, was not immediately tested.

3.3 The Central Bank Circular of January 2016

On 15 January 2016 the Central Bank of Nigeria issued Circular Reference CBN/GEN/DMB/02/006, directing all deposit money banks and other financial institutions to enforce collection of the fifty naira stamp duty on all electronic transfers and teller deposits from one thousand naira and above, and prescribing an account structure for onward remittance. The circular converted a contested first instance holding into an operational instruction carrying supervisory force. From that date, collection became universal across the Nigerian banking system. The significance of the circular for exposure analysis is that it created a system-wide, uniform, machine-executed deduction affecting effectively every account in the country. Uniformity is the precondition of aggregation. Had banks adopted divergent practices, the commonality required to assemble a class would have been far harder to establish. The circular manufactured the commonality that any subsequent aggregated claim would need.

3.4 The Court of Appeal Decision of April 2016

In *Standard Chartered Bank Nigeria Limited v Kasmal International Services Limited and 22 Others*, Suit No CA/L/437A/2014, delivered on 21 April 2016, the Court of Appeal, Lagos Division, allowed the bank's appeal and set aside the Federal High Court decision in Suit No FHC/L/CS/1462/2013.

The reasoning proceeded on two principal grounds. On standing, the court held that the agent could not maintain in its own name an action to vindicate the rights of its principal without joining that principal. On substance, the court held that a court may enforce only law that is in existence and in force, and that neither the Stamp Duties Act nor any amendment to it conferred power upon licensed banks to collect fifty naira on every teller deposit or electronic fund transfer of one thousand naira and above. In the absence of express amendment, the provisions of the Schedule remained the operative measure of the duty chargeable on receipts.

The decision was appellate authority binding on all courts below. It was not stayed. As at 2018 it had not been reversed. A further appeal to the Supreme Court was pursued, but the pendency of an appeal does not suspend the binding force of an appellate judgment.

3.5 The Federal High Court Decision of March 2017

In *Retail Supermarkets Nigeria Limited v Citibank Nigeria Limited and Central Bank of Nigeria*, Suit No FHC/L/CS/126/2016, delivered on 13 March 2017, the plaintiff, operator of the Shoprite retail network in Nigeria, challenged the circular directly. It sought a declaration that the circular was inconsistent with the Schedule to the Stamp Duties Act and therefore null and void, an order setting the circular aside, and a perpetual injunction restraining the defendant bank from implementing it in relation to the plaintiff's accounts.

Applying stare decisis and following the Court of Appeal, the Federal High Court held the circular inconsistent with the Act and void, and granted the perpetual injunction sought. The Central Bank was a party to and participated in those proceedings.

This decision is analytically important for two reasons. First, it demonstrates that the challenge was not confined to financial institutions. A non-financial commercial enterprise, aggregated over the volume of a national retail operation, had sufficient standing and sufficient economic incentive to litigate. Second, the Central Bank's participation foreclosed any later contention that it was unaware of the judicial position.

3.6 The Schedule and the Problem of the Prescribed Rate

The Schedule to the Stamp Duties Act is the operative measure of the duty chargeable on any instrument, and its treatment of receipts is central to the dispute. The Schedule prescribed a duty of two kobo on receipts for transactions from four naira upwards. That figure had become nominal long before 2016, but nominal is not the same as absent. A prescribed rate that has been overtaken by inflation remains a prescribed rate until amended, and the consequence is that the Act supplied an answer to the question of what duty a receipt attracted. The answer was two kobo.

This matters more than the obsolescence of the figure suggests. Where a statute is silent, an argument can sometimes be constructed that a subordinate instrument fills a gap. Where a statute has spoken and prescribed a specific amount, a subordinate instrument that prescribes a different amount is not filling a gap; it is amending the statute. The circular directed the collection of fifty naira. The Schedule prescribed two kobo. The relationship between the two is not one of elaboration but of contradiction, and no principle of construction permits an executive instrument to prevail over the express terms of the enactment it purports to implement.

A second difficulty concerns the threshold. The Schedule attached the duty to receipts from four naira upwards. The circular attached it to transactions from one thousand naira upwards, and the pending amendment bill proposed to move that figure to three thousand naira. Thresholds of this kind are ordinary features of fiscal design and are entirely proper when set by the legislature. Their movement by administrative instrument, however, demonstrates the point in a different way: an instrument capable of moving a statutory threshold from four naira to one thousand naira is exercising a legislative rather than an administrative power, whatever it is called.

A third difficulty concerns the nature of the taxed thing. Stamp duty attaches to instruments. The circular attached the charge to a transaction, namely a deposit or an electronic transfer, and treated the resulting entry as the taxable event. Whether an electronic credit advice or a system-generated confirmation constitutes an instrument capable of being stamped is a live question with no settled answer, and the practice of deducting first and characterizing later reversed the order in which the analysis should have proceeded.

3.7 The Collection Agency Arrangement

The delegation of collection to a private agent introduced a further layer of difficulty that is analytically distinct from the question of the charge itself. Under the arrangement, a private company was appointed to collect the charge on receipts issued by banks and financial institutions, with remuneration of seven naira fifty kobo from each fifty naira collected, a commission of fifteen percent.

Three observations follow. The first concerns incentive. A collection agent remunerated by a percentage of collections has a direct financial interest in the breadth of the charge, the lowness of the threshold, and the vigour of enforcement. That interest is not improper in itself, and outsourced revenue collection is a recognized administrative technique, but it means that the party most active in asserting the charge before the courts was also the party with the least interest in questioning its legal foundation.

The second concerns standing, which proved decisive on appeal. An agent asserting a principal's revenue entitlement in its own name, without joining the principal, occupies a precarious procedural position, and the Court of Appeal so held. The structural lesson for enterprises is that a claim asserted against them by an intermediary rather than by the revenue authority itself carries a procedural vulnerability worth testing before the merits are ever reached.

The third concerns the enterprise's own position in the chain. A bank directed to collect on behalf of a postal agency, which had contracted with a private company, which was remunerated by commission, and which was itself acting under a first instance judgment subsequently reversed, was four steps removed from any legislative authority. No step in that chain was visible on the face of the circular that reached the operations department. The instrument taxonomy proposed in section 6 exists precisely to make such chains visible before rather than after the collection begins.

3.8 Competence and the Allocation of Fiscal Authority

A further set of questions concerns which authority was entitled to impose and collect the charge, and these questions compound rather than resolve the difficulty.

Stamp duty in Nigeria operates within a divided competence. The federal authority administers duties on instruments executed between a company and an individual or between companies, while state authorities administer duties on instruments executed between individuals. The division is workable for conveyances and share transfers, where the parties are identifiable and the instrument is discrete. It is far less workable for a levy applied automatically to every electronic transfer, since the automated deduction cannot readily determine whether the parties to the underlying receipt are two individuals, an individual

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and a company, or two companies. A charge that cannot identify the competent authority at the point of collection creates remittance risk that is independent of the validity question, since sums collected and remitted to the wrong authority remain owing to the right one.

The involvement of a postal agency added a further complication. Its statutory functions in relation to postage and revenue stamps are one thing; a general entitlement to the proceeds of a duty on banking receipts is another, and the derivation of the second from the first was never satisfactorily explained. The allocation is unsustainable on its own terms, and any durable resolution will require either a reassignment of the administration of the duty or the creation of a distinct charge on electronic transfers with its own designated recipient.

For the enterprise, the practical consequence of contested competence is that the good faith defense becomes harder rather than easier to run. An institution that remitted to one authority while another asserted entitlement cannot show that it discharged the obligation; it can show only that it paid somebody. Component Four of the framework, which holds provisional collections in suspense pending resolution, is directed at exactly this failure mode, and Component Five, which requires a written direction identifying the statutory basis and the entitled recipient, is directed at the antecedent question of who was entitled to be paid at all.

3.9 Operational Mechanics of the Deduction

The legal analysis above is incomplete without an account of how the charge was actually applied, because several features of the exposure follow from the mechanics rather than from the law.

The deduction operated at the point of credit rather than at the point of instruction. A transfer initiated at one institution and credited at another generated the charge at the receiving end, applied to the beneficiary's account rather than to the originator's. The person bearing the economic incidence of the charge was therefore not the person who chose to transact in the manner that attracted it, which weakens any argument based on consent and complicates the passing on analysis discussed in section 7.3. A customer who receives a salary by electronic transfer has made no relevant choice at all.

The deduction was configured as a rule within core banking and payment processing systems, applied automatically to every qualifying credit without human review. Two consequences follow. Uniformity across the system was near total, which supplied the commonality that any aggregated claim requires. And the marginal cost of continuing the deduction after adverse judgment was zero, since continuation required no decision, no instruction, and no action of any kind. The default state of an automated rule is continuation, and it is the cessation that requires a positive act. This asymmetry explains a great deal about why institutions continued after the Court of Appeal decision, and it is the reason the cessation triggers in Component Three are drafted as mandatory and time-bound rather than as matters for judgement.
Reconciliation and remittance introduced a third feature. Collected sums were aggregated and swept to designated accounts on a periodic basis, which meant that the identity of the individual deduction was lost at the point of remittance. An institution asked years later to establish what it had collected from a named customer on a named date must reconstruct that figure from transaction records rather than from remittance records, and the two will not agree unless the reconciliation was preserved. The reconstruction test described in section 6.10 exists because this is the point at which most institutions discover that their records answer a different question from the one the litigation asks.

A fourth feature concerns thresholds and exclusions. The charge applied above a stated transaction value, and exclusions were asserted at various times for particular account types and transaction categories. Where a threshold or exclusion is implemented as a systems rule and subsequently varied, the historical rule set becomes the only evidence of what was applied to whom. An enterprise that cannot show which exclusions were live on a given date cannot resist a claim that they were not applied, and the availability discipline that applies to operational continuity applies with equal force to the recoverability of the rule history (Okonkwo, Ogunwole, & Okeke, 2018b).

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3.10 The Position in 2018

By 2018 the following facts co-existed:

1. Binding appellate authority held that no statutory basis existed for the charge on bank deposits and electronic transfers.
2. A first instance decision had declared the enabling circular void and had enjoined its implementation in a named case.
3. The circular had not been withdrawn and no corrective directive had issued.
4. Deductions continued across the banking system without interruption.
5. The Revenue Mobilisation Allocation and Fiscal Commission was preparing forensic audits of collection and remittance by deposit money banks, raising the prospect of assessment against institutions that had not collected.
6. The Stamp Duties (Amendment) Bill 2018 was before the National Assembly, having passed the House of Representatives at the turn of the year. It proposed to bring receipts issued in respect of bank deposits expressly within the class of chargeable instruments, to raise the collection threshold from one thousand naira to three thousand naira, to exempt accounts relating to the education of children, and to place savings accounts within the charge. Its evident purpose was to cure the defect identified by the Court of Appeal, and its enactment would have rendered that decision prospectively redundant while leaving the historical exposure untouched.
7. Individual customers had begun to document deductions and to correspond with their banks demanding cessation and refund, generating precisely the evidentiary record on which later claims would rest.

The exposure was therefore fully formed by the end of 2018 even though the litigation that would crystallize it had not yet been brought. The enterprise's position was, in the language of accounting, a present obligation arising from a past event whose settlement was probable and whose amount was estimable in principle but unbounded in practice.

One implication for protocol design cannot be overstated. The single act most likely to convert an ordinary restitution claim into an exemplary damages claim is the continuation of the deduction after receipt of a customer's written notice citing the subsisting authorities. That is an operational failure, not a legal one. It is exactly the class of failure that a standardized policy exists to prevent.

IV. COLLECTIVE REDRESS AND THE AGGREGATION QUESTION

4.1 The Nigerian Position

Nigerian procedure distinguishes the representative action from the class action, though the distinction is often elided in practice. In a representative action, numerous persons share the same interest and one or more sue or are sued on behalf of all. In a class action properly so called, the represented group is typically unascertained, and the procedure is confined by the rules of court to specified subject matters.

The subject matter restrictions are the decisive feature. Under the Federal High Court (Civil Procedure) Rules 2009, class actions may be brought in matters concerning trade marks, copyright, and patents and designs. Under the High Court of Lagos State (Civil Procedure) Rules 2012, and in the corresponding provisions of other state rules descending from Order 13 Rule 15 of the Lagos 1972 Rules, class actions are confined to proceedings concerning the administration of an estate, property subject to a trust, land held under customary law as family or community property, and the construction of a written instrument including a statute.

Two consequences follow. First, a customer seeking restitution of deducted stamp duty cannot straightforwardly invoke the class action procedure at the Federal High Court, since the subject matter falls outside the enumerated categories. Second, the "construction of a written instrument including a statute" limb in the state rules offers a possible route, since the dispute is in substance about the construction of the Stamp Duties Act, though jurisdictional questions concerning revenue matters and the Central Bank complicate any attempt to bring such a claim before a state High Court.

The practical result is that the Nigerian claimant's most reliable route is the individual action or the representative action brought on behalf of an ascertained group sharing the same interest. Nigerian

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class action jurisprudence remains restrictive and comparatively undeveloped, and the reported instances are few, one notable example being the action brought on behalf of subscribers in connection with a bank hybrid public offer in 2007.

4.2 Why the Restriction Does Not Eliminate the Exposure

It would be an error to conclude from the procedural restriction that aggregation risk is absent. Four mechanisms reproduce much of its effect.

Serial individual litigation. A single successful and widely reported individual judgment, particularly one carrying exemplary damages, functions as a template. The marginal cost of the second claim is a fraction of the first. Where the claim is documented by bank statement entries, proof is trivial.

Corporate claimants with internally aggregated harm. The *Retail Supermarkets* claim illustrates the point. A large enterprise does not need a class because its own transaction volume supplies the aggregation. National retailers, telecommunications operators, fuel marketers, and logistics networks each internalize a class-sized claim.

Regulatory and legislative aggregation. Where a legislative committee, a fiscal commission, or a consumer protection authority takes up the matter, the aggregation occurs administratively rather than judicially, with directives for system-wide refund achieving what a class action would have achieved. The Federal Competition and Consumer Protection Bill, passed by the National Assembly and awaiting presidential assent, would materially strengthen this route by creating an authority with investigative and remedial powers over consumer-facing conduct.

Reputational aggregation. Public reporting of a single adverse judgment produces refund demands from customers who will never sue, and the enterprise must decide whether to honour them. Honouring them is a voluntary aggregation; refusing them generates the notice that converts the next claim into an exemplary damages claim.

4.3 Comparative Perspective

Jurisdiction	Principal mechanism	Architecture	Exposure implication
Nigeria	Representative action; class action confined by rules of court to enumerated subject matters	Opt-in in substance	Aggregation constrained, but serial and corporate claims reproduce much of the effect
England and Wales	Group Litigation Order under the Civil Procedure Rules; representative proceedings	Opt-in for group litigation	Managed aggregation with judicial control of common issues and cost sharing
United States	Federal Rule of Civil Procedure 23	Opt-out on certification of a damages class	Maximum exposure; certification is frequently the decisive commercial event
India	Consumer and company law collective mechanisms; stamp duty administered under a divided state and central regime	Mixed	Moderate, with reform proposals under consideration illustrating the same legislative catch-up pattern
Australia	Part IVA representative proceedings	Opt-out	High, amplified by an established litigation funding market

The comparative table supports the paper's central procedural claim. Identical substantive facts generate radically different exposure depending on aggregation architecture. An enterprise operating across jurisdictions must therefore calibrate its stamp duty policy not to the jurisdiction with the clearest tax law but to the jurisdiction with the most permissive aggregation rules, since that is where the exposure will be realized.

4.4 Aggregation Architecture in Comparator Jurisdictions

The comparative table above states conclusions that merit development, since the differences between these regimes are differences of design rather than of degree, and each design responds to a different judgment about the costs of under-enforcement and over-enforcement.

England and Wales. The group litigation order manages rather than creates aggregation. Claimants must issue individually and then join a register maintained by the court, which is an opt-in structure. The court takes control of common issues, orders their determination in test cases, and allocates costs across the group. The effect on enterprise exposure is twofold and pulls in opposite directions. Opt-in registration caps the class at those who take a positive step, which is typically a small fraction of the affected population and materially reduces the maximum exposure. But the loser-pays costs rule and the availability of third party funding raise the stakes of the common issues determination, since an adverse ruling on a common issue binds the enterprise across the whole register and may prompt further registration. The representative procedure, which permits one claimant to sue on behalf of others with the same interest, offers a narrower route that has proved difficult to use for damages claims where individual loss varies.

United States. Rule 23 permits certification of a damages class on an opt-out basis where common questions predominate and the class action is superior to individual adjudication. Opt-out architecture means the class comprises everyone within the definition who does not affirmatively withdraw, which for a retail banking charge would be substantially the entire customer base. Certification is therefore frequently the decisive commercial event in the litigation, since the exposure at stake after certification often exceeds what any defendant will risk at trial. Contingency fee arrangements supply the claimant-side incentive that a low-value individual claim cannot generate on its own. A charge of the kind at issue here, applied uniformly by automated system to millions of accounts, would present close to the paradigm case for certification: the deduction is identical, the legal question is common, and individual issues are confined to arithmetic.

Australia. Part IVA representative proceedings operate on an opt-out basis with a low threshold for commencement, requiring seven or more persons with claims arising out of similar circumstances against the same respondent. Combined with a developed litigation funding market and, in some jurisdictions, group costs orders, the regime produces exposure comparable to the United States without a certification stage of equivalent rigour. For an enterprise operating there, the practical implication is that the defensive work must be done before commencement, since the procedural gateway offers less resistance than elsewhere.

India. Collective mechanisms exist under consumer protection and company law, and class remedies before the consumer fora have grown in significance. On the fiscal side, the substantially reformed stamp duty regime for securities transactions illustrates the same legislative catch-up pattern examined in this paper: a levy designed for physical instruments was reworked for a dematerialized market only after prolonged uncertainty about the treatment of electronic transactions and the identification of the collecting agent. The resemblance is instructive because it shows that the Nigerian episode is not attributable to any peculiarity of Nigerian drafting.

Nigeria. The restrictive position described above places Nigeria at the low end of the aggregation spectrum, but the four substitute mechanisms identified in section 4.2 mean that low is not the same as negligible. It also produces a distributional consequence worth noting: where aggregation is procedurally difficult, the customers who obtain redress are those with the resources and information to litigate individually or the transaction volume to make individual litigation worthwhile. The retail customer deducted fifty naira several hundred times obtains nothing, while the corporate customer deducted the same amount several hundred thousand times obtains a judgment. That asymmetry is a feature of the procedural design rather than of the substantive law.

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4.5 Implications of the Comparative Position for Policy Design

Two implications follow for an enterprise operating across more than one of these regimes.

The first is that a group-wide stamp duty policy must be calibrated to the most permissive aggregation regime in which the group operates, not to the jurisdiction in which the charge arises. A charge collected in a restrictive jurisdiction by a subsidiary of a group listed in a permissive one may generate securities exposure in the latter through disclosure rather than restitution exposure in the former, and the two are separately provisionable. Centralized compliance analytics rather than local discretion is the appropriate response, consistent with the cross-border governance model described by Lawal and Oduleye (2018b).

The second is that the aggregation architecture should inform the design of the refund mechanism discussed in section 7.1. In an opt-out jurisdiction, a voluntary refund programme competes directly with a prospective class action and may be resisted by claimant firms as an attempt to erode the class. In an opt-in or restrictive jurisdiction, the same programme faces no such competition and can be run as an administrative exercise. The identical remedial step therefore carries different litigation consequences depending on where it is offered, and it should be planned jurisdiction by jurisdiction rather than as a single group response.

4.6 Claimant-Side Economics

Exposure analysis that considers only the substantive merits will misjudge the risk, because whether a claim is brought is determined by the economics facing the claimant and the claimant's advisers rather than by the strength of the case.

Three variables govern those economics. The first is the cost of proof. A claim requiring expert evidence, disclosure, and factual investigation is expensive irrespective of its merit. A claim proved by a bank statement showing a line item is close to costless, and the stamp duty claims fall into the second category. Every affected customer holds the evidence of their own claim, in a standard format, already in their possession.

The second is the availability of a template. The first claim in a series bears the whole cost of developing the legal argument, identifying the authorities, and drafting the pleading. Every subsequent claim reuses that work at negligible cost. A single reported judgment therefore changes the economics for every prospective claimant simultaneously, which is why the interval between the first successful claim and the second is typically much longer than the interval between the second and the twentieth.

The third is the funding structure. Where costs follow the event and no contingency arrangement is available, a claim worth a few thousand naira will not be brought however strong it is. Where a contingency or funding arrangement exists, or where a representative body or public interest litigant absorbs the cost, the same claim becomes viable. The Nigerian position sits between these poles, and the practical effect is that claims arrive from three sources: individuals with sufficient documented deductions to make the claim worthwhile, corporate customers whose internal volume supplies the aggregation, and litigants pursuing the matter for reasons other than the recovery itself.

For the enterprise, the operational implication is that the trigger for defensive escalation should be the appearance of a template rather than the accumulation of complaints. A single adverse reported judgment is a more reliable predictor of claim volume than any number of unresolved customer letters, and the monitoring described in Component Three is directed at judgments for that reason. The complaint analytics in Phase One address a different question, namely whether the enterprise's own conduct is generating the claims, and the two monitoring streams should not be collapsed into one.

V. QUANTIFICATION AND FINANCIAL REPORTING

5.1 A Quantification Model

The gross restitutionary exposure for a collecting enterprise over a defined period may be expressed as:

$$E = (n \times d \times p) + I + D + C$$

where n is the number of qualifying transactions in the period, d is the duty deducted per transaction, p is the proportion of the affected class realistically expected to claim, I is accrued interest at the applicable

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judgment or statutory rate, D is the expected value of exemplary or punitive awards weighted by the probability of a finding of deliberate disregard, and C is defense and administration cost.

The formulation is deliberately additive rather than optimizing, but it shares with multi-objective enterprise models the property that a single reported figure aggregates terms responding to different management levers (Amayo, Ubeku, & Oshevire, 2015; Amayo, 2017), and it is intended to be reported alongside the analytics through which enterprise value is otherwise managed (Lawal & Oduleye, 2018a).

Three observations follow. The claim rate p is the least stable variable and the one most susceptible to management, since it responds directly to publicity, to the ease of proof, and to whether a refund mechanism exists. The exemplary component D is the only term that management conduct can drive to zero, and it does so through documented cessation on notice. And where the enterprise faces the opposite exposure of assessment for non-collection, that assessment must be modelled as a separate and negatively correlated liability rather than netted against E.

5.2 Recognition, Measurement, and Disclosure

Under IAS 37, a provision is recognized where a present obligation arises from a past event, an outflow of resources embodying economic benefits is probable, and a reliable estimate can be made. The 2018 stamp duty position satisfies the first condition from the date of the Court of Appeal decision, since collection without statutory basis founds an obligation to make restitution. The probability assessment turns on the claim rate rather than on the merits, which after April 2016 were substantially settled against the collecting institution. Where probability falls short but the possibility is not remote, contingent liability disclosure is required.

IFRIC 23 governs uncertainty over income tax treatments and does not apply directly to stamp duty, which is not an income tax. Enterprises should nonetheless apply its analytical discipline by analogy: determine whether the uncertain treatment is to be considered separately or collectively, assess the probability that the relevant authority will accept the treatment, and measure using either the most likely amount or the expected value method as appropriate to the distribution of outcomes.

The practical failure observed in the period was not one of accounting standards but of information flow. Provisions cannot be raised for exposures that the operations function has not reported to the finance function. The standardized policy proposed below addresses this directly through mandatory escalation and materiality thresholds.

5.3 An Illustrative Quantification

The model is best understood applied. Consider a mid-sized institution processing two million qualifying transactions monthly across its retail base, deducting fifty naira on each, over a thirty-six month period of contested collection. Gross deductions over the period are therefore three billion six hundred million naira. That figure is the ceiling, not the exposure, and the distance between the two is where management action operates.

The following illustration holds the gross figure constant and varies only the claim rate and the treatment of the exemplary component.

Scenario	Claim rate	Restitution	Interest at 10 percent	Exemplary component	Defense cost	Total exposure
No governance response	15 percent	540m	81m	Assessed as probable	120m	741m plus exemplary
Cessation on notice only	15 percent	540m	81m	Assessed as remote	120m	741m
Managed refund window	40 percent	1,440m	Not applicable	Assessed as remote	25m	1,465m

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Scenario	Claim rate	Restitution	Interest at 10 percent	Exemplary component	Defense cost	Total exposure
Refund window with segregated fund	40 percent	1,440m	Not applicable	Assessed as remote	25m	25m net of fund

Figures are illustrative and in naira. The claim rate under a refund window is higher by design.

Four points emerge, and they are counter-intuitive in a way that matters for board discussion.

First, the managed refund window produces a higher gross outflow than passive resistance, because publicity and administrative ease raise the claim rate substantially. An institution assessing the options on gross outflow alone will reject the refund window every time.

Second, that assessment is wrong wherever the segregated fund exists, because the outflow is met from money the institution was never entitled to retain. The fourth scenario differs from the third only in whether Component Four was implemented years earlier, and the difference in net cost is the entire restitution liability.

Third, the exemplary component is binary rather than proportional. It does not scale with the size of the deduction; it turns on whether the institution continued after notice. In the first scenario it is uncapped and, on the reasoning set out above, probable. In every other scenario it is remote. No other single control in the framework has that effect on the distribution of outcomes.

Fourth, defense cost falls by roughly eighty percent between the litigated and administered scenarios. Serial individual litigation is expensive per claim and generates no economies, whereas a refund programme is a fixed administrative build with a low marginal cost per applicant.

The wider lesson is that the variables an enterprise can actually control are the claim rate, the exemplary component, and the existence of the fund. It cannot control the number of transactions, the rate, or the legal answer. A quantification model that concentrates attention on the terms management can move is more useful than one that reports only the gross figure, and this is the sense in which exposure measurement belongs within enterprise analytics rather than beside it (Lawal & Oduleye, 2018a).

One further caveat on the illustration is required. The scenarios hold the transaction count and the rate constant and vary only the governance response, which isolates the effect of management action but overstates the precision available in practice. Real claim rates depend on publicity, on the ease of proof, and on whether a claims industry has formed around the issue, and none of those is knowable in advance within a narrow band. The appropriate use of the model is comparative rather than predictive: it establishes the direction and approximate magnitude of the difference between governance responses, which is what a board needs in order to choose between them, and it does not purport to forecast the liability itself.

5.4 Interaction with the Audit Process

The provisioning judgments described above are made by management and tested by auditors, and the interaction between the two is a recurring source of difficulty in exposures of this type.

The auditor's difficulty is one of evidence. A provision for restitution of unlawfully collected charges requires evidence of the quantum collected, which depends on the configuration history described in Component Seven, and evidence of the probability of claim, which depends on complaint data and on any refund programme. Where the enterprise cannot reconstruct historical deduction rules, the auditor cannot verify the quantum, and the audit response is to seek a broader disclosure rather than a narrower one. The absence of records therefore worsens the reported position rather than concealing it.

The enterprise's difficulty is one of characterization. Describing the collection as unlawful in the notes to the financial statements creates a document that will be produced in the litigation. Describing it as lawful while providing against it is internally inconsistent and will also be produced. The workable position is factual rather than characterizing: the enterprise states what it collected, under what instruction, what judicial decisions bear on the instruction, that the outcome is uncertain, and how it has measured the resulting exposure. This is the disclosure discipline that IFRIC 23 applies to uncertain income tax positions and that is applied here by analogy.

A third consideration concerns the audit trail as a defensive asset. Internal audit testing of the framework, directed by the risk profile of the charge rather than distributed evenly across the population (Akomolafe & Agu, 2018), generates contemporaneous evidence that the enterprise identified the issue, escalated it, and acted. That evidence is precisely what the good faith inquiry examines. The assurance function therefore produces litigation value as a by-product of its ordinary work, provided the work is done before the claim rather than in response to it.

5.5 Prudential and Capital Consequences

For regulated financial institutions the exposure has consequences beyond the provision itself, and these are frequently overlooked because they fall between the tax, finance, and prudential risk functions.

An unquantified contingent liability of material size affects the assessment of capital adequacy under the operational risk framework, since losses arising from failures of process, systems, or compliance with legal obligations fall squarely within the standard definition of operational risk. A restitution liability arising from a charge collected without lawful basis is an operational risk loss event on any reading, and its treatment as a tax matter rather than a risk matter tends to keep it outside the loss data collection process where it belongs.

Three practical consequences follow. The first concerns internal capital assessment. An institution conducting its own capital adequacy assessment must consider forward-looking risks that are not captured in historical loss data, and a contested charge applied across the entire customer base for several years is exactly such a risk. Its omission understates the assessment, and its inclusion requires the quantification described in section 5.1.

The second concerns supervisory reporting. Institutions are ordinarily required to notify their supervisor of matters likely to have a material effect on their financial position. Where the supervisor is also the source of the instruction that generated the exposure, the notification requirement produces an awkward but necessary communication, and the direction protocol under Component Five provides the natural vehicle for it. A notification that requests a corrective directive and records the exposure at the same time serves both purposes.

The third concerns the interaction between the provision and distributable reserves. A material provision raised late, after the exposure has crystallized, may affect dividend capacity and, in extreme cases, regulatory capital ratios in the period of recognition rather than across the periods in which the exposure accrued. Recognition at each reporting date as the exposure accumulates is both technically correct and prudentially preferable, and it is achievable only where the governance reporting cycle under Component Nine actually delivers the provisional balances to the finance function.

The general point is that an exposure of this character does not respect functional boundaries. It is simultaneously a tax matter, a legal matter, an operational risk matter, a capital matter, and a customer matter, and the enterprises that managed it worst during the period examined were not those that lacked any one of those functions but those in which none of them regarded it as theirs.

VI. THE STANDARDIZED STAMP DUTY POLICY FRAMEWORK

The framework is proposed as a board-approved policy instrument with nine components. It is designed to be jurisdiction-neutral in structure and jurisdiction-specific in content.

6.1 Component One: The Legal Basis Test

No duty, levy, or charge may be deducted from a customer, counterparty, or transaction unless a documented Legal Basis Memorandum has been

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approved. The memorandum must identify the primary statutory provision imposing the charge, not merely the instrument directing its collection, and must state expressly whether the charge is imposed by the primary statute or is asserted by a subordinate instrument to derive from it. Where the charge rests on a subordinate instrument, on an agency arrangement, or on a first instance decision under appeal, the memorandum must say so and must classify the charge as provisional.

The requirement mirrors the discipline observed in procurement standardization, where the benefit derives from a documented decision rule applied consistently rather than from the quality of any individual judgement (Okonkwo, Ogunwole, & Okeke, 2018a). This single requirement would have identified the 2016 position at the outset. The circular was a subordinate instrument asserting a charge that the primary statute did not impose.

6.2 Component Two: Instrument Taxonomy and Charge Matrix

The enterprise maintains a taxonomy of every instrument, transaction type, and channel it originates or processes, mapped against the charge asserted, the rate, the threshold, the statutory reference, the collecting authority, and the classification as settled or provisional. The matrix is version controlled, and every version is retained. In the 2018 context the matrix would have recorded that the Schedule prescribed two kobo on receipts while the circular directed fifty naira, and would have surfaced that discrepancy to the board rather than burying it in a systems configuration file.

6.3 Component Three: Judicial Monitoring and Mandatory Cessation Triggers

The policy defines cessation triggers of ascending severity:

- Amber: a first instance decision adverse to the charge. Response: legal review within ten business days, provisional classification, customer communication prepared but not issued.
- Red: a binding appellate decision adverse to the charge, or an injunction against implementation in any case. Response: immediate suspension of collection, or where suspension is not operationally or regulatorily feasible, immediate diversion of collected sums to a segregated suspense account under Component Four, notification to the directing regulator seeking a corrective directive, and written notice to the board.
- Black: receipt of a customer notice citing subsisting adverse authority, or any allegation of contempt. Response: cessation for that customer within five business days without exception, refund of that customer's deducted sums, and escalation to the general counsel.

The Black trigger is derived directly from the limits of the good faith defense analysed above. It exists for the sole purpose of eliminating the exemplary damages component of the exposure.

6.4 Component Four: Segregated Accounting and the Suspense Mechanism

Where a charge is classified as provisional, collected sums are not treated as remitted revenue passing through the enterprise but are held in a designated suspense or escrow account, separately reconciled, and disclosed in the notes to the financial statements. Remittance to the fiscal authority occurs only on resolution of the provisional status, or under a documented protest and indemnity.

The value of this mechanism is that it preserves the fund from which restitution would be made and prevents the enterprise from being left in the position of having remitted to the state sums it must refund to customers from its own resources. That position, in which the enterprise pays twice, is the single most damaging feature of the 2018 exposure profile.

6.5 Component Five: Regulatory Indemnity and Direction Protocol

Where the enterprise collects on the instruction of a regulator in circumstances of legal uncertainty, it must request in writing a formal direction identifying the statutory basis and, where available, an indemnity or a statement of the regulator's position on refund liability. The request and any response or non-response are preserved. Non-response is itself evidence, and its evidential value in later proceedings, on both the good faith question and the allocation of ultimate liability, is considerable.

6.6 Component Six: Customer Communication Standards

Every deduction is disclosed at the point of transaction and on the periodic statement with a standard narration identifying the charge, the rate, and the asserted legal basis by reference. Where a charge is provisional, the narration or the accompanying terms so indicate. Standardized response templates are maintained for customer queries, and no front-line response may assert the lawfulness of a provisional charge in unqualified terms.

The 2018 experience shows that unqualified front-line assertions of lawfulness, made after adverse judgments, are quoted back in pleadings as evidence of deliberate disregard.

6.7 Component Seven: Systems Configuration Governance

Deduction rules are held as governed configuration, not as embedded code. Changes require dual approval by tax and legal, carry the reference of the Legal Basis Memorandum, and generate an immutable log recording who changed what, when, and on whose authority. The control model follows established practice in deployment pipeline governance, where traceability of every change to an approving authority is the condition of both auditability and rollback (Badmus, Dosunmu, & Ozowara, 2018), and in the assessment of security-critical systems, where the ability to reconstruct a historical configuration state is treated as a primary control objective (Ladapo, Dosunmu, Jooda, & Abolaji, 2018). Availability and continuity considerations apply with equal force, since a deduction rule wrongly disabled generates assessment exposure as surely as one wrongly enabled (Okonkwo, Ogunwole, & Okeke, 2018b). The log must permit reconstruction, for any historical date, of the exact deduction rule then in force. Without this capability, the enterprise cannot compute its own exposure and cannot verify a claimant's calculation.

6.8 Component Eight: Records Retention

All deduction records, configuration logs, memoranda, regulatory correspondence, and customer notices are retained for the longer of the applicable limitation period plus three years, the tax audit period plus three years, or the period specified by the regulator. Retention is not a filing matter but a defense capability, since the enterprise that cannot prove what it deducted cannot resist a claimant's estimate of what it deducted.

6.9 Component Nine: Governance, Reporting, and Assurance

Ownership sits with the head of tax, with joint accountability to the general counsel and the chief financial officer. Provisional charges and cumulative provisional balances are reported quarterly to the audit or risk committee of the board. Internal audit tests the framework annually, applying a technology-enabled risk assessment approach in which testing effort is directed by the risk profile of the underlying charge rather than distributed evenly across the population (Akomolafe & Agu, 2018). The policy is reviewed on any legislative amendment, any adverse judgment, and in any event annually.

6.10 Roles, Accountabilities, and Indicators

A framework that names no owner is a statement of intent. The following allocation assigns each component to a function accountable for its operation and specifies the indicator by which operation is evidenced.

Component	Accountable function	Consulted	Operating indicator
Legal Basis Test	Head of Tax	General Counsel	Percentage of active charges with a current approved memorandum
Instrument Taxonomy	Head of Tax	Operations, Finance	Age of the current matrix version; number of unreconciled charge codes

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Component	Accountable function	Consulted	Operating indicator
Cessation Triggers	General Counsel	Operations, Compliance	Elapsed time from trigger event to documented response
Segregated Accounting	Chief Financial Officer	Treasury, Tax	Provisional balance held versus provisional balance remitted
Regulatory Direction	General Counsel	Head of Tax	Number of outstanding unanswered direction requests, with age
Communication Standards	Head of Customer Operations	Legal, Marketing	Percentage of front-line responses drawn from approved templates
Configuration Governance	Chief Information Officer	Tax, Legal	Percentage of deduction rule changes with dual approval and memorandum reference
Records Retention	Chief Operating Officer	Legal, Information Technology	Reconstruction test result for a randomly selected historical date
Governance and Reporting	Head of Tax	Audit Committee	Provisional charge report delivered within the reporting deadline

The reconstruction test deserves particular emphasis. It requires the enterprise, on a date selected at random by internal audit, to reproduce from its own systems the exact deduction rule in force on a specified past date, the authority under which it was configured, and the total collected under it. An enterprise that can pass that test can quantify its own exposure, verify a claimant's calculation, and evidence its conduct at any point in the disputed period. An enterprise that cannot pass it will litigate on its opponent's figures.

6.11 Implementation Sequence and Maturity

Adopting the framework in full is a programme rather than a policy decision, and attempting all nine components simultaneously typically results in the documentation components being completed while the systems components are deferred, which is the least useful order. The following sequence reflects the dependency structure.

The first phase, over roughly one quarter, establishes the taxonomy and the legal basis tests for existing charges. This is a documentation exercise requiring no systems change and it produces the inventory on which everything else depends. Its output is a classified list of every charge the enterprise collects, marked settled or provisional.

The second phase, over the following one to two quarters, establishes the cessation triggers, the regulatory direction protocol, and the communication standards. These are procedural controls requiring approval and training rather than build. They deliver the largest reduction in exemplary exposure for the least investment and should not wait for the systems work.

The third phase, over two to four quarters, establishes configuration governance, records retention, and the reconstruction capability. This is the expensive part of the programme and its benefit is realized only in the event of a dispute, which makes it the component most often deferred and the one whose absence is most damaging when a dispute arrives. Sequencing it after the procedural controls is a concession to reality rather than an endorsement.

The fourth phase establishes segregated accounting and the governance reporting cycle, and thereafter the framework operates as business as usual with annual assurance testing.

Maturity may be assessed on four levels. At the initial level, charges are collected on instruction with no documented basis and no consolidated inventory. At the managed level, an inventory exists and charges are

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classified, but classification does not alter operational behaviour. At the defined level, provisional classification triggers segregated accounting and defined cessation responses. At the governed level, the enterprise can reconstruct any historical configuration state, quantifies provisional exposure at each reporting date, and evidences its conduct at every point in a disputed period. The distance between the managed and defined levels is where most of the risk reduction occurs, because that is the transition at which classification stops being a record and starts being a control.

Two implementation cautions apply. The first is that standardization delivers benefit through documented decision rules applied consistently rather than through the quality of individual judgements, which means partial adoption across some business units and not others reproduces the inconsistency the framework exists to remove (Okonkwo, Ogunwole, & Okeke, 2018a). The second is that the framework will be operated by people under production pressure, and controls that depend on discretionary escalation will fail at the point of greatest load. The cessation triggers are drafted as mandatory and time-bound for that reason.

6.12 Model Policy Provisions

Frameworks are adopted through drafted text, and the following provisions state the operative core of the framework in a form suitable for adaptation into an enterprise policy document. They are illustrative and require tailoring to the enterprise's governance structure and to local law.

Scope. This policy applies to every duty, levy, charge, or impost that the enterprise deducts from, adds to, or collects in respect of any customer account, transaction, instrument, or counterparty, irrespective of whether the enterprise retains any part of the sum collected and irrespective of the authority that directs the collection.

Prohibition on undocumented collection. No charge shall be applied to any customer or transaction unless a Legal Basis Memorandum in respect of that charge has been approved and remains current. The memorandum shall identify the primary legislative provision imposing the charge and shall state, where the charge is asserted by any subordinate instrument, agency arrangement, or judicial decision subject to appeal, that the charge is classified as provisional.

Effect of provisional classification. Where a charge is classified as provisional, all sums collected shall be credited to a designated suspense account, shall be separately reconciled, and shall not be remitted to any authority except under a written protest recorded in the file and approved by the General Counsel. Provisional balances shall be reported to the Audit Committee at each reporting date.

Cessation triggers. Upon a binding appellate decision adverse to a charge, or an order restraining its implementation in any proceeding, collection of that charge shall be suspended immediately or, where suspension is not operationally feasible, all sums collected shall be diverted to suspense with effect from the date of the decision, and a corrective directive shall be requested in writing from the directing authority within five business days. Upon receipt from any customer of a written notice identifying adverse judicial authority, collection from that customer shall cease within five business days and sums previously collected from that customer shall be refunded, without exception and without regard to the enterprise's assessment of the merits.

Configuration control. No deduction rule shall be created, varied, suspended, or removed except upon the approval of both the Head of Tax and the General Counsel, recorded against the reference of the applicable Legal Basis Memorandum. All such changes shall generate an immutable log entry sufficient to permit reconstruction of the complete rule set in force on any past date within the retention period.

Retention. All deduction records, configuration logs, memoranda, regulatory correspondence, customer notices, and reconciliation records shall be retained for the longest of the applicable limitation period plus three years, the applicable audit period plus three years, and any period specified by a regulator or by an active litigation hold.

Communications. No communication to any customer shall assert that a provisional charge is lawful, that the

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enterprise has no liability in respect of it, or that the customer has no claim. Approved templates shall state the fact of the deduction, the instruction under which it was made, and the current status of the matter.

Assurance. Internal Audit shall test compliance with this policy annually and shall include a reconstruction test in respect of a date selected at random within the retention period.

A note on the drafting is warranted. The cessation provision on customer notice is deliberately absolute and deliberately unqualified by any merits assessment. Drafting it otherwise, for example by permitting cessation where the legal position is considered clear, reintroduces at the moment of maximum pressure the discretion that the provision exists to remove, and the judicial treatment of continued deduction after notice indicates that the discretion will be exercised wrongly.

A closing observation on the framework as a whole belongs here rather than in the components themselves. The nine components are not of equal weight, and an enterprise that can implement only part of the framework should not implement it in the order in which it is presented. Ranked by risk reduction per unit of effort, the cessation triggers come first, the legal basis test and taxonomy second, segregated accounting third, and configuration governance fourth, with the remaining components supporting rather than driving the reduction. Ranked by cost, that order is almost exactly reversed, which is why partial implementations in practice tend to deliver the components that matter least. Stating the ranking explicitly at the point of board approval is a small drafting step that materially changes what gets built.

6.13 Framework Summary

Component	Exposure head addressed	Primary control
Legal Basis Test	All	Documented authority before collection
Instrument Taxonomy	Restitution, assessment	Discrepancy surfacing
Cessation Triggers	Exemplary damages, contempt	Mandatory operational response
Segregated Accounting	Restitution funding	Preservation of the fund
Regulatory Direction Protocol	Allocation of ultimate liability	Written record and indemnity
Communication Standards	Exemplary damages, reputational	Controlled representations
Configuration Governance	Quantification, defense	Reconstructible rule history
Records Retention	Defense	Evidential capability
Governance and Reporting	Provisioning, disclosure	Board visibility

VII. THE CLASS ACTION DEFENSE PROTOCOL

The protocol operates in four phases.

7.1 Phase One: Pre-Litigation

Early warning analytics. Complaint data, refund demands, regulatory correspondence, and adverse media are monitored for clustering by charge type, channel, and period. A defined threshold of clustered complaints triggers formal escalation. The design follows predictive compliance monitoring frameworks that treat consumer complaint data as a leading indicator of systemic rather than isolated failure (Adeyelu, 2018), and it shares the central difficulty of all continuous monitoring systems, namely the conversion of monitoring output into an institutional trigger for action (Dagodzo, 2018a, 2018b). The objective is to identify the emerging claim before the first writ, since every measure available thereafter is more expensive.

Managed refund window. Where a charge has been held unlawful, a voluntary, publicized, time-limited refund process should be evaluated seriously rather than dismissed. It reduces the claim rate variable, substantially weakens any later allegation of deliberate disregard, and converts an uncapped and interest-bearing liability into a bounded and administratively managed one. The objection that it invites claims misconceives the arithmetic: the claims are already available, and the refund window governs their cost, not their existence.

Litigation hold. On the earlier of a credible threat or a formal cessation trigger, a documented hold issues suspending routine destruction of all relevant records, systems logs, and communications.

Privilege architecture. Exposure quantification and merits assessment are conducted under legal professional privilege, commissioned by and reported to the general counsel, and kept structurally separate from operational compliance documentation, which will be disclosable.

7.2 Phase Two: Procedural Defenses on Commencement

The order of examination should be fixed in advance so that no defense is waived by inadvertent step:

1. Jurisdiction. Whether the claim, involving revenue, banking, and the acts of a federal regulator, is properly before the court chosen. Jurisdictional allocation between the Federal High Court and state High Courts is frequently decisive in Nigerian proceedings of this character.
2. Standing. Whether the named claimant holds the interest asserted, and whether an agent or association purports to vindicate the rights of a principal or member without proper joinder. This ground succeeded for the appellant in the 2016 Court of Appeal decision and should not be overlooked when the enterprise is on the other side of it.
3. Suitability for representative or class treatment. Whether the subject matter falls within the enumerated categories in the applicable rules of court, and whether the represented persons genuinely share the same interest given variation in account type, transaction pattern, applicable threshold, and period.
4. Commonality and individual issues. Whether questions of notice, knowledge, mistake, and quantum vary sufficiently among the represented persons to render collective determination inappropriate.
5. Limitation. Whether the claim, or the earlier portions of it, is statute barred, and how the limitation period interacts with any doctrine deferring accrual in cases of mistake.
6. Conditions precedent. Whether pre-action notice, contractual dispute resolution provisions, or statutory notice requirements applicable to any co-defendant regulator have been satisfied.
7. Joinder and contribution. Whether the directing regulator, the fiscal authority, and any collection agent should be joined, both for the substantive allocation of liability and because their presence materially complicates the claimant's case management.

7.3 Phase Three: Substantive Defenses

Statutory agency and compulsion. The enterprise collected as agent under regulatory direction and did not retain the sums. Where the sums have been remitted, the appropriate defendant is the recipient. This defense is strongest where remittance is documented and weakest where the enterprise retained any portion.

Good faith execution of statutory functions. Statutory protections for acts done in good faith in the exercise of conferred powers may be available. The boundary is defined by the terms of the protection itself: it requires both that the act be done in good faith and that it be done in the execution of conferred powers, and it is difficult to see how either limb survives continuation in the face of subsisting judicial prohibition. The defense is therefore period-sensitive. It may hold for the period before notice and is unlikely to hold after it, which makes accurate dating of notice a central evidential task.

Change of position. Where the enterprise has irreversibly remitted collected sums in reliance on the direction, restitution against it may be inequitable. The defense requires proof of the remittance and of the absence of any realistic recovery route.

Passing on and absence of loss. Where the charge was disclosed and economically borne by, or recovered from, a party other than the claimant, the claimant's loss may be absent or reduced. The defense is jurisdictionally variable and should not be relied upon as a principal ground.

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Quantum and interest. Where liability is likely, the contest shifts to the reconstruction of deducted sums, the applicable rate and period of interest, and the appropriateness of any exemplary component. The configuration governance capability under Component Seven determines whether the enterprise contests quantum from its own records or from the claimant's estimate.

7.4 Phase Four: Resolution, Provisioning, and Disclosure

Settlement architecture. Any settlement should be structured to bind the widest ascertainable group, to close the historical period definitively, to include a documented refund mechanism with a claims deadline, and to preserve contribution rights against the directing regulator and the fiscal authority. A settlement that resolves only the named claimant while leaving the class unresolved purchases nothing but a template for the next claim.

Provisioning and disclosure. Provisions and contingent liability disclosures are updated at each trigger event under the framework and at each reporting date, with the reporting chain running from the operational trigger through legal assessment to the finance function without discretionary filtering.

Insurance. Professional indemnity, civil liability, and directors and officers policies should be reviewed against the specific risk. Notification obligations are typically triggered by circumstances that may give rise to a claim, not by the claim itself, and the cessation triggers under Component Three should therefore be linked to notification review.

Post-resolution review. Every resolved matter is reviewed against the framework to identify which component failed, with findings reported to the audit committee.

7.5 The Defense Matrix

The defenses set out above vary in their availability, their evidential requirements, and the period of the dispute to which they apply. Consolidating them assists both preparation and the honest assessment of position.

Defense	Period to which it applies	Evidence required	Principal weakness
Jurisdiction	Any	Pleadings and statutory allocation	Delays rather than defeats the claim
Standing	Any	Constitution of the claimant and its authority	Curable by amendment or joinder
Unsuitability for collective treatment	Any	Variation in account type, threshold, and period	Concedes that individual claims may proceed
Limitation	Earliest portion of the period	Deduction dates and date of accrual	Doctrines deferring accrual for mistake
Statutory agency	Whole period	Remittance records and the directing instrument	Fails as to sums retained
Good faith execution	Period before notice only	Date of notice and internal response records	Extinguished by continuation after notice
Change of position	Period of irreversible remittance	Proof of remittance and absence of recovery route	Requires that recovery be genuinely unavailable
Passing on	Whole period	Pricing and disclosure records	Availability varies by jurisdiction

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Defense	Period to which it applies	Evidence required	Principal weakness
Quantum	Whole period	Reconstructible configuration history	Absent records, the claimant's figures prevail

Two features of the matrix are worth drawing out. Every defense in the table depends on records the enterprise either kept or did not keep years before the claim was made, and none can be manufactured after commencement. And the single defense capable of defeating the largest and least predictable head of exposure, the good faith defense against exemplary damages, is also the one most easily destroyed by an operational failure to act on a customer letter.

7.6 Contribution, Indemnity, and Recovery

An enterprise that collects on instruction and refunds on judgment has borne a cost properly attributable to the party that issued the instruction and, in most configurations, received the money. Whether that cost can be shifted is a question that should be prepared before it becomes urgent.

Three routes exist in principle. The first is contractual or statutory indemnity, which is why Component Five requires the enterprise to seek a written direction and an indemnity at the point of instruction rather than at the point of claim. Few regulators will grant one. The request nonetheless establishes that the enterprise identified the risk and sought to allocate it, which bears on both the good faith inquiry and any later apportionment.

The second is a restitutionary claim against the recipient of the sums. Where the enterprise has refunded customers out of its own resources sums that it remitted to a fiscal authority or its agent, the foundation of a claim to recover the remitted amounts exists, though it faces obstacles including statutory protections for revenue received, limitation, and the practical difficulty of suing a supervising authority. The strength of the claim depends heavily on whether the remittance was made under protest and on whether the enterprise preserved the documentary record of the instruction, both of which are functions of the framework rather than of the litigation.

The third is joinder of the directing authority and the collection agent as parties to the customer's claim, so that the allocation of ultimate liability is determined once rather than in successive proceedings. Beyond its substantive merit, joinder has a procedural effect that should be assessed candidly: it enlarges the litigation, complicates the claimant's case management, and introduces parties with their own interests in resisting collective treatment.

The Nigerian position illustrates both the availability and the limits of these routes. The disputed pool is held by identifiable parties, and a claim in respect of it against the directing authority or the collection agent is at least arguable. Whether a collecting institution that refunded its own customers could reach that fund is a different question and one that has not been squarely determined. The prudent assumption is that it cannot, which is the assumption on which Component Four is built: the enterprise that never remitted the provisional sums does not need to recover them.

7.7 Evidence, Privilege, and Communications During a Dispute

Three practical matters govern conduct once a dispute is live, and each is decided by choices made before it began.

Evidence preservation extends beyond documents to systems state. A litigation hold that suspends document destruction but permits the routine overwriting of configuration logs, the decommissioning of a legacy deduction engine, or the migration of an archive without preserving the historical rule set will destroy the material on which the quantum defense depends. The hold should therefore be drafted against the reconstruction test described in section 6.10 rather than against a conventional list of document categories, and information technology should be a named recipient rather than a copy addressee. The general problem of assessing and preserving the state of a security-critical system is a recognized one, and the same discipline

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applies here (Ladapo, Dosunmu, Jooda, & Abolaji, 2018).

Privilege requires structural separation rather than labelling. Exposure quantification prepared for the purpose of provisioning is an accounting record and is unlikely to attract privilege merely because a lawyer received a copy. Exposure quantification commissioned by the general counsel for the dominant purpose of advising on the litigation stands differently. The two exercises use the same underlying data and produce different documents, and enterprises that run them as a single exercise will find that the whole is disclosable. Where the same data must serve both purposes, the factual layer should be maintained separately from the assessment layer.

External communications during a dispute carry a specific hazard. Statements that the charge was lawful, that the enterprise acted properly throughout, or that customers have no claim will be pleaded against the enterprise if the charge is subsequently held unlawful, and they compound the exemplary exposure by evidencing a settled position rather than an operational lapse. Accurate and unelaborated statements are safer: what was collected, under what instruction, what the enterprise has done since, and what customers should do. The communication standards in Component Six exist to make that the default rather than a decision taken under pressure.

7.8 Settlement Design

Where liability is probable, the design of the resolution determines whether the enterprise buys closure or a precedent.

Four structural questions arise. The first is the scope of the release. A settlement with a named claimant releases that claimant. A settlement covering an ascertainable group, approved where the procedure permits, closes the group. The difference in cost is often small and the difference in effect is total, and enterprises that settle individually to keep sums out of the public domain frequently find they have funded the development of the argument that will be used against them.

The second is the treatment of the historical period. A settlement that resolves claims to date without addressing the period during which collection continued leaves the residual exposure intact and invites a second round. The period covered should be stated by reference to dates rather than to the claims made.

The third is the claims mechanism. A settlement fund with an application process, a deadline, and a defined proof requirement converts an open liability into a closed administrative exercise with a known ceiling. Requiring the customer to produce evidence the enterprise itself holds is both unattractive and unnecessary, and where the enterprise can identify affected accounts from its own records, direct credit is cheaper than adjudication.

The fourth is confidentiality. Confidential settlement is often sought and rarely achieves its purpose in a mass claim, since the existence of a settlement practice becomes known through the claimant community regardless of the terms. Where the underlying legal position is adverse, publicity attaches to the judgment rather than to the settlement, and the enterprise's interest usually lies in a visible, orderly, and bounded process rather than in a series of private resolutions of unknown aggregate size.

Preservation of contribution rights against the directing authority and any collection agent should be express in every settlement, since a release drafted broadly enough to cover all claims arising from the collection may be read to extinguish the enterprise's own recovery route discussed in section 7.6.

VIII. APPLICATION BEYOND DEPOSIT-TAKING INSTITUTIONS

The framework has been developed against a banking fact pattern because that is where the Nigerian exposure arose, but the conditions that generated it are not particular to banks. Any enterprise that collects a charge at the point of transaction on the instruction of an authority, at scale, under automation, occupies the same position. Four sectors illustrate the transfer.

Telecommunications. Operators collect levies, surcharges, and access fees at the point of sale and on recurring usage, frequently on the instruction of a sector regulator rather than a revenue authority, and the affected population is larger than the banked

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population. The per-transaction amounts are smaller and the transaction count higher, which raises the aggregate while lowering the individual claim below any threshold at which an individual would sue. The exposure profile is therefore skewed further toward administrative and regulatory aggregation than toward litigation, and the refund mechanism assumes correspondingly greater importance relative to the defense protocol.

Insurance. Premium-based levies and stamp duty on policy documents raise the instrument question in a purer form, since a policy is unambiguously an instrument in a way that an electronic credit advice is not. The complications lie elsewhere: policies are long-dated, so a charge collected under an instrument later invalidated may sit within a contract that continues for years afterward, and the refund calculation must address whether the charge formed part of a premium that has since been earned. Component Four is harder to operate in this setting, because the segregation of a component of premium conflicts with the accounting treatment of the premium as a whole.

Capital markets. Transaction levies on securities trading are collected by intermediaries under the direction of an exchange or a regulator, and the position resembles banking closely, with one difference that operates in the enterprise's favour and one against. In its favour, counterparties are typically sophisticated, contractual documentation is detailed, and disclosure of charges is explicit, which strengthens both the passing on argument and the evidence of consent. Against it, the sums per transaction are far larger, so the individual claim is worth bringing on its own and the exposure does not depend on aggregation at all.

Fintech and payment services. Newer entrants present the profile at its most acute. Transaction volumes are high, margins are thin, capital is limited, and the regulatory relationship is less settled, which makes the practical cost of resisting a directive higher and the capacity to absorb a retrospective refund liability lower. These are also the enterprises least likely to have implemented configuration governance or records retention of the kind the framework requires, since the engineering culture that produces rapid deployment does not naturally produce reconstructible historical state. The change control discipline described by Badmus, Dosunmu, and Ozowara (2018) is directly transferable, and for these enterprises it is the single highest-value component of the framework. The following summary states the sectoral position in consolidated form.

Sector	Individual claim viable alone	Dominant realization channel	Highest-value component	Principal complication
Deposit-taking banking	Rarely	Serial individual claims and corporate claimants	Segregated accounting	Charge applied at credit, not at instruction
Telecommunications	Almost never	Regulatory direction and refund order	Communication standards	Population exceeds any notifiable list
Insurance	Sometimes	Individual and regulatory	Records retention	Charge embedded in earned premium
Capital markets	Usually	Individual claims by counterparties	Legal basis test	Larger sums accelerate the first claim
Payments and fintech	Rarely	Regulatory direction and aggregated claims	Configuration governance	Historical rule state often unrecoverable

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The table should be read alongside the caution stated above. It ranks components by their marginal value in each sector and not by their necessity, and the cessation triggers are omitted from the ranking because they are of first importance everywhere.

Two general observations follow from the sectoral comparison.

The first is that the exposure varies inversely with the size of the individual charge. A large charge produces claims that are individually viable and therefore arrive early, in small numbers, and with clear notice. A small charge produces no individually viable claim at all, accumulates silently, and arrives either as an aggregated proceeding or as a regulatory refund direction covering the entire population at once. Enterprises tend to allocate compliance attention in proportion to the size of the charge, which is the opposite of the allocation the exposure profile suggests.

The second is that the framework's components differ in value across sectors while the cessation triggers do not. Segregated accounting is difficult in insurance and straightforward in payments. Passing on is strong in capital markets and weak in retail banking. Configuration governance is critical in fintech and merely useful in insurance. But in every sector, continuing to collect after notice of adverse judicial authority converts a bounded restitution liability into an unbounded one, and the operational control that prevents it is the same in each.

IX. DISCUSSION

9.1 The Structural Character of the Exposure

The Nigerian stamp duty episode is often narrated as a dispute about the meaning of a 1939 statute. That framing understates it. The exposure arose from the interaction of a fiscal instrument designed for paper with an economy operating electronically, a revenue imperative generated by commodity price collapse, an administrative practice of legislating by circular, and an intermediary class with no ability to refuse either the regulator or the courts. Each of those conditions is recurrent. Each is present, in varying combination, in digital services taxation, in electronic levy design, in card scheme charging, and in the treatment of virtual asset transactions.

The implication is that a stamp duty policy framework should not be built as a response to a resolved historical controversy. It should be built as standing capability for the next instance of the same structure.

9.2 The Limits of Standardization

Standardization does not resolve legal uncertainty and does not confer immunity. Where a regulator directs collection and the courts prohibit it, no policy eliminates the conflict. What standardization achieves is narrower and more valuable than immunity. It determines whether the enterprise, when the conflict resolves, holds the fund from which restitution is made; whether it can prove what it did and why; whether its conduct after notice is defensible; and whether its financial statements disclosed the exposure before it crystallized. In the 2018 Nigerian case, institutions that had done none of these things faced identical legal questions to institutions that had done all of them, and faced materially different outcomes.

9.3 Implications for Policy Design

Three implications follow for fiscal authorities.

Charges affecting mass retail transactions should be imposed by primary legislation with express language, not derived by construction from schedules, financial regulations, and agency agreements. The revenue foregone during the legislative process is smaller than the refund and damages liability generated by a defective instrument, and the wider literature on statutory reporting and budget compliance in the region suggests that such shortcuts consistently transfer cost from the administrative process to the compliance chain (Dogbatsey & Ebhojie, 2018).

Where a regulator's directive is invalidated, the regulator should issue a corrective directive promptly. Silence transfers the entire cost of the invalidation to the intermediary and risks converting what would have been simple restitution into exemplary liability.

Transitional provisions in curative legislation should address the historical period expressly. Legislation that cures a defective charge prospectively while leaving the historical exposure to be litigated case by case imposes years of cost on the courts, the intermediaries, and ultimately the revenue. The amendment bill presently before the National Assembly is silent on the point.

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9.4 Recurrence in Successor Levies

The strongest test of the argument that the 2018 episode is structural rather than accidental is whether the same pattern would reappear once the specific defect is cured. There is little in the design of the proposed cure to suggest that it would not.

Curative legislation of the kind now contemplated would place the charge on a sound statutory footing, but the amendment bill as drafted does not expressly resolve the position of the receipt duty under the Schedule, leaving open whether the two would operate in parallel and creating a period during which institutions could not be certain which charge applied to which transaction, or whether both did. A defect of authority would be replaced by a defect of clarity. The exposure such a defect generates is smaller, because the legal basis would be secure, but its character is the same: an automated deduction applied at scale under uncertainty that the enterprise cannot resolve.

The pattern recurs in every levy that shares the four conditions identified in section 9.1. A rapid revenue requirement, a transaction base reached only through intermediaries, an administrative instrument moving faster than the enabling legislation, and an affected population too large to notify individually will together reproduce the exposure, whatever the levy is called. Digital services taxation, cybersecurity and technology levies, and prospective charges on virtual asset transactions each present some or all of those conditions.

This is the sense in which the framework proposed here is directed at a class of events rather than at a resolved controversy. An enterprise that treats the stamp duty episode as a closed matter will rebuild the same exposure under the next instrument. An enterprise that has an instrument taxonomy, a legal basis test, and a cessation trigger already operating will classify the next charge on the day it is directed to collect it, and will hold the resulting sums in a form from which they can be returned.

The analysis carries constraints that bear on how far its conclusions travel. It relies substantially on unreported judgments accessed through secondary professional commentary, so the precise reasoning of those decisions is reported at one remove. The quantification model is analytical rather than empirically calibrated, since transaction-level data of the kind required is not publicly available. The comparative treatment is illustrative and does not attempt a systematic survey.

Four questions follow from those constraints and merit separate work. The first is empirical measurement of claim rates in low-value mass restitution claims, which would materially improve provisioning practice. The second is whether the restrictive Nigerian class action rules produce a net welfare gain or merely displace aggregation into administrative and reputational channels. The third is the ultimate incidence of any electronic transfer charge introduced by curative legislation, and whether such a redesign in fact resolves the parallel operation of the receipt duty under the Schedule. The fourth is the extension of the framework proposed here to digital services and virtual asset levies, where the same structural conditions are emerging.

9.5 The Customer Relationship and Consumer Protection

The analysis has treated the affected customers as a source of exposure, which is the perspective the enterprise necessarily takes, but the episode also raises a question about the relationship itself that bears on how the exposure should be managed.

A customer who is charged a small sum without lawful basis suffers a loss that is trivial in isolation and significant in aggregate, and who has no practical remedy, is in a position that the general law addresses poorly. The claim is too small to litigate, the procedure for aggregation is restricted, and the regulator that might have intervened administratively was the source of the instruction. The consumer protection architecture in force during the analytical period was in transition, with a general statutory consumer protection body of limited enforcement capacity and a more powerful competition and consumer protection authority created at the end of the period, and neither addressed the charge during the years it was applied.

Two implications follow for enterprise practice. The first is that the absence of an effective remedy is not a durable protection. Redress deferred by procedural obstacles accumulates rather than disappears, and it is realized eventually through a regulatory direction, a legislative refund provision, or a single individual judgment that establishes the template. An exposure that is unclaimable this year is not therefore absent from the balance sheet.

The second is that the refund window discussed in section 7.1 does work beyond litigation risk. It restores the position of customers who would otherwise have no remedy, and it does so on terms the enterprise sets rather than on terms imposed later. The commercial case for it rests on cost containment, but it is not only a cost containment measure, and enterprises that present it internally as a purely defensive step tend to design it defensively, with narrow eligibility and short deadlines, which reduces both its remedial value and its litigation value at the same time.

There is a wider point about the direction of the compliance relationship. The framework proposed here places the enterprise in the position of testing the authority of instructions it receives, documenting its reservations, and preserving the means of restoring customers if the instruction proves unfounded. That is a more demanding posture than compliance simpliciter, and it will occasionally place the enterprise in tension with a regulator whose good will it depends on. The alternative posture, which is to execute every instruction and treat the consequences as the instructing authority's problem, was tested during the period examined here and the consequences were not the instructing authority's problem.

X. CONCLUSION

The abstract, the introduction, and the conclusion of a paper of this kind are frequently read in isolation, and it is worth restating in one place what the reader of only those sections would otherwise miss. The exposure examined here was not created by a bad judgment about a difficult legal question. It was created by the absence of any mechanism for holding a difficult legal question open while continuing to operate. Enterprises are well equipped to comply and well equipped to litigate. They are poorly equipped for the interval between an instruction and its judicial evaluation, which in this case ran to years and covered several billion transactions, and it is that interval which the framework and the protocol address.

The Nigerian stamp duty controversy as it stood in 2018 presented an enterprise risk problem in an unusually pure form. The legal question was substantially settled against collection. The regulatory direction to collect remained in force. The affected class comprised effectively the entire banked population. The per-transaction sum was negligible and the aggregate was measured in hundreds of billions of naira. And the intermediary that bore none of the economic incidence of the charge bore all of the risk of its invalidity.

No enterprise could have resolved the underlying legal contradiction. Every enterprise could have bounded its exposure. The difference between those two propositions is the argument of this paper. A standardized stamp duty policy, built around a documented legal basis test, an instrument taxonomy, mandatory cessation triggers, segregated accounting for provisional charges, and reconstructible configuration history, converts an unquantified liability into a measured and funded one. A class action defense protocol, built around early warning analytics, a managed refund window, a fixed order of procedural defenses, period-sensitive substantive defenses, and disciplined provisioning, determines the cost at which that liability is resolved.

The single most consequential finding is also the most operationally mundane. The conduct that transformed ordinary restitution exposure into exemplary damages exposure was the continuation of automated deductions after a customer had written to identify subsisting judicial authority. That was not a failure of legal judgment. It was a failure of policy, of escalation, and of systems governance, and it is entirely preventable by the framework proposed here. Enterprises operating in fiscal regimes undergoing rapid technological adaptation should assume that they will again be directed to collect a charge whose statutory basis is later found wanting. The question worth preparing for is not whether that will happen but what the enterprise will be able to show when it does.

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