# BALANCING NATIONAL DATA SOVEREIGNTY AND FOREIGN TECHNICAL ASSISTANCE IN TAX ADMINISTRATION: A NIGERIAN LEGAL PERSPECTIVE

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## Abstract

*This article explores the legal conflict of national data sovereignty and foreign technical cooperation in today's practice of tax administration. The problem animating this research is the Memorandum of Understanding recently signed between Nigeria's Nigeria Revenue Service and the French tax authority, eliciting public concern that it may pose risks to sensitive fiscal information and national sovereignty. This article seeks to critically analyse the legal validity, extent and implications of such cooperative arrangements; specifically, it seeks to determine how compatible they are with Nigerian constitutional principles and data protection laws on one hand and international cooperation standards in taxation on the other. Firmly based on the theoretical rationale of digital sovereignty and regulatory governance theory, the study posits that foreign technical assistance in tax administration is not inherently a threat to state sovereignty, but rather problematic where specific legal safeguards, transparency and accountability are lacking. The study recommends a recalibration of Nigeria's tax cooperation apparatus to balance the efficiency logic underpinning international collaboration with concerns for data stewardship and democratic supervision. It suggests clearer statutory definition of the limits on cross-border tax coordination, better protection against data localization and safeguarding standards for foreign nationals' data, closer parliamentary scrutiny of executive agreements or traditional contracts with other countries, and increased indigenous technical capacity to diminish reliance on external administrative support over time.*

**Keywords**: Data sovereignty; Tax administration; International cooperation; FIRS–France MoU; Regulatory governance

## 1.0 Introduction

Increasing digitalization of the global economy, domestic fiscal constraint has forced the tax administration system in Nigeria in recent years to innovatively enhance revenue generation. At the heart of this transformation is the increasing role of the Federal Inland Revenue Service (FIRS), as controlling authority for assessment, collection and accounting for taxes collectable by the Federal Government[1]. In this context, international cooperation has been often induced as an avenue to improve administrative effectiveness, technical capabilities and compliance strategies[2]. However, this sort of partnership has unveiled conflicting priorities between the need to improve administrative efficiency and the desire to maintain national control over sensitive fiscal and taxpayer information[3]. These tensions have been accentuated in the current age of tax administration, which is closely tied to digital infrastructure and data governance.

These frictions are particularly evident in the controversy about the reported 'Memorandum of Understanding' (MoU) recently signed between Nigeria's Federal Inland Revenue Service and France's Direction Générale des Finances Publiques[4]. Media reports indicated that the MoU was on technical cooperation, communication and support for the digitalisation of tax in Nigeria[5]. Although officials of the FIRS have insisted that no transfer of Nigeria's tax data or control over tax systems to France is involved in whatever transpired, it was not helpful that details of what transpired are not open for public scrutiny, leaving questions unanswered[6]. Such an approach would place the MoU within a wider international pattern of 'south-south' technical cooperation, in which developing states come to rely more and more on foreign technical knowledge to update their revenue systems, and often with greater fears about the erosion of sovereignty.

[1] J O A Ogundele, *Nigerian Tax Administration in the Digital Age* (Lagos: Malthouse Press, 2022), 45–47.
[2] R Bird and E Zolt, "Technology and Tax Administration in Developing Countries," *World Tax Journal* 13, no. 2 (2021): 201–203.
[3] M Kwet, "Digital Colonialism and African Data Sovereignty," *Journal of African Political Economy* 8, no. 1 (2019): 12–15.
[4] "Northern Elders Demand Immediate Termination of FIRS–France Tax Data MoU," News Express Nigeria, https://newsexpressngr.com/news/287459/, accessed 15 December 2025.
[5] "FIRS Signs Tax Cooperation MoU with France," Business Insider Africa, https://africa.businessinsider.com, accessed 15 December 2025.
[6] A Devereux, *International Tax Cooperation and Developing States* (Oxford: Oxford University Press, 2020), 88–90.

The public outcry over the MoU has been incandescent, led by no less a group than the Northern Elders Forum (NEF) that called for the termination of the deal forthwith[7]. The Forum contended that enabling foreign participation in the tax administration process of Nigeria, including possibility for technical assistance, may jeopardize national sovereignty by giving control to an overseas actor over sensitive financial information[8]. Their stance is indicative of a broader fear in Nigeria (and indeed much of the continent) over international control of critical sectors, particularly given past experiences with economic dependence and external conditionality[9]. These responses highlight the political and socio-legal aspects of tax cooperation, effectively rendering what would be an otherwise technocratic scheme into a subject of national controversy.

Public objection to the tax cooperation between FIRS and France was also stepped up with rights activists, publicly condemning the MoU as an unconstitutional invasion of Nigeria's fiscal sovereignty. In a widely published press statement, Omirhobo stated that taxation is more than just technicality. He asserted that it was another feature of state sovereignty which should not be tinkered with outside the home of the Nigerian Constitution[10]. He argued that any agreement allowing a foreigner to take part in the tax administration would be a breach of the provisions of the Constitution (as amended) and necessarily subject to legislative checks as well as democratic control. He argues that to call it "technical co-operation" does not cure its substantive constitutional ills since the constitutionality of a measure depends, as he pointed out, on its legal effect rather than its name[11].

Chief Omirhobo had also placed his indictment in a wider perspective of data protection, privacy and national security when he predicted that tax payers' information was secret state intelligence under Section 37 of the Constitution. He argued that gross revenue, databases and digital tax infrastructure are strategic national assets, the external influence on which could compromise

[7] "Northern Elders Demand Immediate Termination of FIRS–France Tax Data MoU," News Express Nigeria, accessed 15 December 2025.

[8] Northern Elders Forum, "Press Statement on FIRS–France MoU," reported in The Nation, https://thenationonlineng.net, accessed 15 December 2025.

[9] E Ekhator, *Fiscal Federalism and Sovereignty in Nigeria* (London: Routledge, 2019), 133–135.

[10] Chief Malcolm Emokiniovo Omirhobo, Press Release on the FIRS–France Tax MoU, Facebook, "PRESS RELEASE FIRS–FRANCE TAX MoU: I ALIGN WITH NORTHERN GOVERNORS ...," Facebook, accessed 8th December 2025, https://www.facebook.com/hajara.usman.505/posts/press-releasefirsfrance-tax-mou-i-align-with-northern-governors-and-leaders-on-t/2348015479007084/.

[11] Chief Malcolm Emokiniovo Omirhobo (@MalcolmInfiniti), X (formerly Twitter), post on termination of the FIRS–France MoU, accessed 8th December 2025, https://x.com/MalcolmInfiniti/status/2000783412206915894.

institutional autonomy and public trust. His stance taps into an established Nigerian fear of reliance, external conditionalities and domestic regulatory power degradation that purportedly come with seemingly innocuous global engagement. In the context of this analysis, Omirhobo's intervention illustrates that foreign technical assistance in tax administration reaches far beyond mere administrative efficiency and poses deep constitutional, political and data-sovereignty concerns that demand a cautious legal probing.

The legal ramification of the controversial partnership is further compounded by the statutory mandate of the Nigeria Revenue Service established pursuant to the provisions of Nigeria Revenue Service (Establishment) Act, 2025[12]. The Act specifically confers powers on the Service to: (i) assess; (ii) charge; (iii) collect and account for all revenues accruable into federal government coffers, in addition to laying down very strict confidentiality and data protection responsibilities with regard taxpayers' information[13]. Concerning governance of information, official secrecy and institutional autonomy are particularly meaningful in that they underscore the notion that the Service is expected to function strictly within Nigeria's sovereignty and legal order[14]. Any external collaboration must therefore be considered within the framework of these statutory obligations, notably when that means cooperation that extends to processing tax data, to implementation of digital infrastructure and to indirect operational oversight which could undermine institutional independence.

In this context, the article seeks to critically review the legal consequences of foreign technical aid in Nigerian tax administration with focus on data sovereignty. It seeks to examine the legal status and implications of the FIRS–France MoU, determine its consistency with Nigeria's constitutional and statutory architecture, and consider its broader ramifications on data governance and institution autonomy. The relevance of the study is its focus on a debate still continuing about how Nigeria can modernise its tax in a way that it does not handover sovereign control of sensitive

[12] Nigeria Revenue Service (Establishment) Act, 2025, ss. 3(1)–(3) and 4(1)(a)–(d), which establish the Service as a body corporate and confer powers of assessment, collection, and administration of federal revenue.
[13]Nigeria Revenue Service (Establishment) Act, 2025, ss. 32(1)–(2) and 33(1)–(3), which mandate confidentiality of institutional information and taxpayer data and prescribe penalties for unauthorised disclosure.
[14] Nigeria Revenue Service (Establishment) Act, 2025, ss. 4(1)(i), 4(1)(u), and 31(1)–(3), read together, which permit international administrative assistance but subject the Service to legal, policy, and institutional safeguards consistent with Nigerian sovereignty.

data and regulatory power[15]. In doing so, this article strives to provide some guidance for policy makers and regulators and scholars on how best to structure international cooperation in a legally effective way.

## 2.0 A Review of Concepts and Theories involved:

### *2.1 Digital Sovereignty*

Digital sovereignty has been a prominent concept in recent legal and policy scholarship as the uneasy realization sets in that data, digital infrastructure, and technological prowess have aggregated in ways that exceed the territorial control of the sovereign[16]. 'Digital sovereignty' is, at its core, the ability of a state to effectively assert authority and control over digital assets, data flows, technological infrastructure and regulatory decisions within their own jurisdiction[17]. In the age where data becomes a strategic economic and security asset, sovereignty can no longer be structured in physical or territorial spaces alone but must also cover cyberspace and digital ecosystems[18]. This reconceptualisation goes against classical Westphalian sovereignty by positioning technology and transnational digital actors in the public law analysis. As a result, digital sovereignty recasts data governance as an issue of constitutional and regulatory concern, not just one of commercial or technical interest. It thus holds a critical theoretical frame for understanding the authority of the state in digital-mediated governance setting.

From the legal perspective, digital sovereignty has a strong linkage with the safeguarding of sensitive national data such as fiscal, biometric and security data. Academics warn that foreign access to or control over such data could undermine a state's autonomy in policymaking, enforcement of regulations and democratic oversight[19]. This concern is especially acute in the area of tax administration, which discloses economic conduct and information about corporations or individual finance[20]. Tax data sovereignty is therefore never irrelevant to fiscal control and related

[15] See, O Adeola, "Legal Dimensions of Data Sovereignty in Nigeria," *Nigerian Journal of Public Law* 5, no. 1 (2023): 54–56.
[16] A Bradford, *Digital Empires: The Global Battle to Regulate Technology* (Oxford: Oxford University Press, 2023), 18–21.
[17] M Kwet, "Digital Colonialism: U.S. Empire and the New Imperialism in the Global South," *Race & Class* 60, no. 4 (2019): 3–6.
[18] J Zuboff, *The Age of Surveillance Capitalism* (New York: Public Affairs, 2019), 94–97.
[19] D Svantesson, *Internet and Jurisdiction: Global Coordination from an Australian Perspective* (Oxford: Oxford University Press, 2017), 112–114.
[20] R Avi-Yonah, "Tax Sovereignty and Globalization," *University of Michigan Law Review* 105 (2007): 1575–1578.

to national security. If the infrastructure is compromised to allow foreign actors to influence data architecture or access protocols, or processing standards, then the country is walking into a constitutional and administrative law minefield. Digital sovereignty, in turn, demands that States maintain their ultimate authority to determine how tax information is produced, stored, treated and disclosed[21].

It is important to note that digital sovereignty is not a call for technological isolationism or the denial of international cooperation. However, analysts opine that cooperation should be integrated into solid legal structures, which respect domestic laws and preserve control and accountability[22]. Absolute digital sovereignty is widely considered to be neither possible nor desirable in a globalized economy[23]. What the digital sovereignty requires is transparency, legal protections and institutional oversight when states involve third-party actors. This point is especially relevant for emerging countries, which can make themselves dependent on foreign technological know-how. Accordingly, the concept of digital sovereignty serves as a substantive yardstick to measure whether international cooperation reinforces or undermines domestic legal authority[24].

### *2.2 Regulatory Governance*

Regulatory governance offers an alternative perspective on how bodies such as states can govern complex policy fields that contain many participants and a variety of overlapping jurisdictions[25]. It is used to denote more generally the institutional mechanisms, legal instruments and procedures by which public authorities influence regulatory results other than in conventional command-and-control regulation. Scholars of regulation note that contemporary governance depends more and more on networks, expertise, delegation, and coordination not unilateral state action[26]. Regulatory governance is thus symptomatic of globalisation, technological complexity, and administrative interdependence. In the areas of tax policy, finance and digital infrastructure, for example, regulation often consists of cooperation rather than domestic rule-making alone[27]. This middle-

[21] M Hildebrandt, "Data-Driven Law and the Limits of Legal Protection," *Modern Law Review* 84, no. 1 (2021): 9–12.
[22] J Pohle and L. Thiel, "Digital Sovereignty," *Internet Policy Review* 9, no. 4 (2020): 4–7.
[23] S Aaronson, "Data Is Different," *Journal of International Economic Law* 22, no. 2 (2019): 389–392.
[24] European Commission, Shaping Europe's Digital Future (Brussels: European Union, 2020), 5–7.
[25] J Black, "Decentring Regulation," *Current Legal Problems* 54 (2001): 103–106.
[26] D Levi-Faur, "Regulation and Regulatory Governance," *Jerusalem Papers in Regulation & Governance*, no. 1 (2011): 4–6.
[27] C Scott, "Regulation in the Age of Governance," *Legal Studies* 23, no. 1 (2003): 145–148.

range theory also helps explain the apparent contradiction of states turning to external parties while holding on to formal control.

As a legal term, regulatory governance refers to how power operates through design of institutions, standards, discretion and mechanisms of accountability (as opposed to formal sovereignty). Experts argue that governance mechanisms often rely on both public–private partnerships and international agreements, and technical cooperation blurs domestic/foreign distinctions of authority[28]. These corporations and their partnerships may improve efficiency, expertise is diluted should countervailing institutional controls be insufficient[29]. Regulatory governance also accounts for why the state would be willing to accept that foreign support is required, on technology and capacity-building, while remaining in ultimate control. But it also lays bare the risk that continued dependence on outside expertise can undermine domestic institutional strength[30]. In this way, regulatory governance requires careful legal engineering in order to reconcile efficiency and accountability.

Read in combination, digital sovereignty and regulatory governance create a powerful analytical frame for examining international cooperation in tax administration. Digital sovereignty directs attention to the question of control (over data, digital infrastructures and so on), in the first place: regulatory governance raises questions about the institutions and processes through which such control is managed or distributed[31]. Secondly, this joint framework would provide optimal clarity in the assessment as to whether forms of cooperation are innocent technical aid or camouflaged transfers off regulatory autonomy[32]. It also helps free legal analysis from stark black-and-white dichotomies between cooperation and sovereignty toward a more nuanced appreciation for regulated interdependence. In that sense, this approach is especially relevant for tax cooperation MoUs between developed and developing countries. Finally, it situates the study's findings within both sovereignty-preserving norms and pragmatic governance practices[33].

[28] J Freeman, "The Private Role in Public Governance," *NYU Law Review* 75 (2000): 546–548.
[29] M Lodge and K Wegrich, *Managing Regulation* (London: Palgrave Macmillan, 2012), 29–31.
[30] R. Bird, *Taxation and Development* (Baltimore: Johns Hopkins University Press, 2018), 88–90.
[31] L Lessig, *Code and Other Laws of Cyberspace* (New York: Basic Books, 2006), 121–123.
[32] J Balkin, "Information Fiduciaries and the First Amendment," *UC Davis Law Review* 49 (2016): 1185–1187.
[33] F Pasquale, *The Black Box Society* (Cambridge, MA: Harvard University Press, 2015), 214–216.

### 3.0. Legal Nature of Tax Cooperation Agreements in Nigeria

Tax and fiscal treaties must first and foremost be conceptualized within the general constitutional context regulating treaty-making, executive power among others. Under the 1999 Constitution of the Federal Republic of Nigeria (as amended) the responsibility for foreign affairs, including negotiations and signing of international agreements is vested in the executive branch[34]. Nevertheless, the Constitution does make a crucial distinction between treaties of legal operation, which are domestic and superseding in character such as what was commonly referred to for many years as self-executing treaties versus ones that only qualify merely as international obligations[35]. By section 12 of the Constitution, no treaty shall have the force of law in Nigeria except to the extent that it has been enacted into law by the National Assembly[36]. This constitutional hierarchy forms a condition under which international agreements are applicable domestically, stipulating legislative super-vision. From a legal perspective, the constitutional quality of tax treaty instruments does not only rely on their substance but also on their shape and procedural adoption.

Memorandum of Understanding (MoU) straddle this constitutional arrangement in carrying out the functions of an instrument for bilateral executive cooperation (rather than a full treaty). In Nigerian government practice, MoUs are commonly used to indicate political support, operating collaboration or administrative assistance without creating binding legal obligations that can be enforced in domestic court[37]. Academics point out that MoUs are popular too because they provide flexibility and speed, without the procedural dead weight of treaty ratification. However, the fact that an MoU is non-binding does not in itself automatically preclude legal challenge, especially when its implementation impacts on statutory obligations or individual rights[38]. It follows that the legal significance of an MoU does not reside simply in its title, but rather in what the language actually says, how it operates and interacts within national law already established.

Executive agreements, such as administrative tax cooperation agreements, also complicate matters beyond the legal context. Unlike treaties, executive agreements are entered into by the president

[34] Constitution of the Federal Republic of Nigeria 1999 (as amended), s. 5.
[35] A Oyebode, *Treaties and International Law in Nigeria* (Ibadan: Spectrum Books, 2003), 67–69.
[36] Constitution of the Federal Republic of Nigeria 1999 (as amended), s. 12(1).
[37] O Elias, *Nigeria and International Law* (Lagos: Nigerian Institute of International Affairs, 1972), 112–114.
[38] B Okere, "Executive Agreements and Constitutionalism in Nigeria," *Nigerian Journal of Public Law* 4, no. 2 (2021): 33–35.

without legislative approval and are generally based on considerations of convenience or expediency[39]. Nigerian courts have recognized the existence of executive discretion in international relations, but they have held that it cannot negate specific constitutional or statutory provisions[40]. Among executive agreements that involve attempts to change statutory obligations (or delegated powers), extend institutional authority, alter access to classified information, the justification is challenged as being contrary to an authorizing statute[41]. Executive agreements, therefore, do not have their authority based in constitutional silence, but instead power is found through included adherence to the laws of the land.

For example, in the area of taxation, it is useful to consider a statute-based model for cooperation agreements. The Nigeria Revenue Service (Establishment) Act 2025 specifically empowers the Service to partner and share information with national and international institutions regarding tax[42]. It also authorizes the Service to give or take administrative assistance under agreements or arrangement between Nigeria and other countries[43]. But this statutory authority is qualified by other obligations of confidentiality, data protection and institutional liability established in the same Act[44]. The legality of any tax agreement must be evaluated on a case-by-case basis by weighing provisions that grant authority with others that limit power built into the statute.

Judicial authority also upholds the position that international or executive agreements cannot be divorced from internal legal standards. According to the Nigerian courts, unincorporated treaties and agreements can serve as a rule of interpretation but cannot create rights or impose obligations in the domestic legal system[45]. This is jurisprudence which upholds the supremacy of our Constitution and the sovereignty of Parliament[46]. Applied to tax cooperation MoUs, it means such instruments cannot lawfully empower actions which violate statutory duty of confidentiality or redistribute regulatory power without parliamentary authorisation[47]. The courts are therefore that

[39] J F Adegbite, "Executive Agreements in Nigerian Constitutional Practice," *University of Lagos Law Review* 6, no. 1 (2019): 51–53.
[40] *Abacha v. Fawehinmi* (2000) 6 NWLR (Pt. 660) 228 (SC).
[41] A O Obilade, *The Nigerian Legal System* (Ibadan: Spectrum Books, 2011), 189–191.
[42] Nigeria Revenue Service (Establishment) Act 2025, s. 4(1)(i).
[43] Nigeria Revenue Service (Establishment) Act 2025, s. 4(1)(u).
[44] Nigeria Revenue Service (Establishment) Act 2025, ss. 32–33.
[45] *African Reinsurance Corp. v. Fantaye* (1986) 3 NWLR (Pt. 32) 811.
[46] See *Registered Trustees of NNPC Pension Fund v. FIRS* (2016) 17 NWLR (Pt. 1548) 365.
[47] A O Enabulele, I*nternational Law and Nigerian Courts* (Benin City: Ambik Press, 2010), 142–145.

last line of defense against the informality expansion of executive powers abroad, under international cooperative auspices.

In essence, the legal character of tax cooperation/agreements in Nigeria is a product of constitutional prescriptions and authorities, statutory instruction and authorization by the legislature, executive practice and measure; with judicial scrutiny. MoUs and especially executive agreements, can be relatively convenient tools of governmental administration, but they are not creatures of Law-free space. Their credibility and legality rest on adherence to constitutional standards, legal mandates and basic accountability norms[48]. Without legislative domestication the agreements thus function as persuasive or administrative instruments rather than binding national law[49]. It is important for assessing the current trends of tax cooperation and its impact on sovereignty and data governance[50]. It creates the doctrinal basis for determining whether an efficiency-induced cooperation is compatible with Nigeria's legal regime.

**4.0. Data Protection, Sovereignty, and Tax Administration**

On a general level, the protection of personal data is poised to become one of the major building blocks for governance in future as the nation depends more on digital economy and day-to-day administration, including deliverance of e-services that are directly linked with duties tax payers owe towards public. In Nigeria, the defence of personal and institutional data is interlinked with concerns on sovereignty, privacy and state responsiveness[51]. Tax administration is uniquely placed in the context of these systems because it requires gathering, storing and processing large amounts of personal and corporate financial data on a continual basis[52]. Researchers note that tax data, unlike typical administrative data, uncovers the inner workings of economic behaviour, distribution of wealth and business practices[53]. In this respect, particular caution must be applied to the legal regulation of the transfer of tax data in order to avoid misuse, unauthorised

[48] B Nwabueze, *Constitutional Democracy in Africa*, vol. 2 (Ibadan: Spectrum Books, 2003), 211–213.
[49] M O Uwais, "The Rule of Law and Executive Power in Nigeria," *Nigerian Bar Journal* 12 (2018): 17–19.
[50] C Okoli, "International Economic Agreements and Domestic Law in Nigeria," *Journal of African Law* 65, no. 1 (2021): 88–90.
[51] M Hildebrandt, "Law as Information in the Era of Data-Driven Governance," *Modern Law Review* 79, no. 1 (2016): 1–4.
[52] R Avi-Yonah, "Globalization, Tax Competition and the Fiscal Crisis of the Welfare State," *Harvard Law Review* 113 (2000): 1573–1576.
[53] S Zuboff, *The Age of Surveillance Capitalism* (New York: PublicAffairs, 2019), 94–97.

transmissions or external exploitation. This is what makes data protection a necessary optic through which to view tax co-operation agreements.

Modern Nigeria data protection laws are primarily based on the Nigerian Data Protection Act 2023 which regulate the processing, storage, retrieval or disclosure of information or data that is collected by companies and other institutions[54]. The Act contains the fundamental principles of lawfulness, purpose limitation, data minimization and security measures that have been established to meet global data protection laws[55]. The Act is notably concerned with personal data, but its relevance for tax administration is equally incisive, as taxpayer data is sensitive personal and corporate data[56]. The regime also places legal obligations on public bodies, such as revenue authorities, to demonstrate that data processing is for a valid purpose and that it is proportionate and secure. These duties would also apply to overseas data transfers, which will come under legal scrutiny. This means that the sharing of tax data needs to be brought in line with statutory requirements for data protection.

By way of sector specific protection for tax information, apart from the general data protection laws, the Nigeria Revenue Service (Establishment) Act 2025 protects Tax Information. The Act places stringent duties of secrecy on officers of the Service and provides that all records, correspondence, documents and information relating to taxpayers are secret[57]. Unauthorized disclosure is a criminal offence, which illustrates the importance attributed to the protection of data concerning tax matters[58]. However, the Act does allow for restricted disclosure if so authorised by law or in accordance with international agreements on tax matters[59]. These dualistic structures reflect an attempt to balance cooperation and sovereignty, enabling information flow while maintaining national mastery. But it also generates legal stress when cooperation pacts are opaque and not clearly defined.

On the basis of sovereignty, there are serious jurisdictional and control/accountability issues involved in taxing data sharing across borders. Academics contend that if data is sent outside

[54] Nigeria Data Protection Act 2023, ss. 24–26.
[55] E Daly, *Data Protection Law in Africa* (Cape Town: Juta, 2022), 67–69.
[56] O O Omotubora, "Privacy and Data Protection in Nigeria," *Nigerian Journal of Commercial Law* 8, no. 1 (2021): 45–47.
[57] Nigeria Revenue Service (Establishment) Act 2025, s. 32(1).
[58] Nigeria Revenue Service (Establishment) Act 2025, s. 33(2).
[59] Nigeria Revenue Service (Establishment) Act 2025, s. 33(4).

borders, the originating state may no longer be able to assert actual control over the manner in which it is used or even shared[60]. This risk is even higher when recipient countries apply different standards of law and/or enforcement to cybercrime[61]. This loss of control can, in the context of tax authority management risk limiting fiscal autonomy and promoting regulatory uncertainty[62]. Data sovereignty therefore requires that any transnational tax data exchange is based on well-defined legal grounds, enforceable safeguards and reciprocal burdens. Without these avenues, collaboration can erode rather than fortify state power.

To mitigate these risks, legal protections play a key role in governing tax information exchange. These safeguards include data localisation, purpose limitation, external oversight and independent regulators, as well as judicial remedies for misuse[63]. Transparency in cooperation agreements and review mechanisms are also key international best practices[64]. In Nigeria, the simultaneous applicability of Data Protection and Revenue Act contributes to a multilayered approach but its efficacy hinges on enforcement[65]. Strong protection prevents efficiency from leading to uncontrolled data exposure. They also promote people's confidence in the tax system.

In the end, the dynamic of data protection, sovereignty and tax administration is a case of controlled interdependence and not one of full control. Of course, Nigeria has to cooperate with other countries to tackle tax evasion and to build capacity, but such cooperation must not undermine domestic legal safe guards. There are mechanisms in the current legal system to achieve a balance of these competing pressures, but implementation and enforcement are not complete[66]. This part thus highlights the necessity for greater legislative definition, regulatory efficiency and institutional transparency[67]. This sovereignty-oriented manner of exchanging tax data and information maintains cooperation within the boundaries of constitutional principles and public

[60] M Kwet, "Digital Colonialism and Data Sovereignty in Africa," *Journal of African Political Economy* 8, no. 1 (2019): 12–15.
[61] D Svantesson, *Internet and Jurisdiction* (Oxford: Oxford University Press, 2017), 118–120.
[62] R Calo, "Privacy Harm Exceptionalism," *Colorado Technology Law Journal* 12 (2014): 364–366.
[63] J Balkin, "Information Fiduciaries and the First Amendment," *UC Davis Law Review* 49 (2016): 1185–1187.
[64] OECD, Tax Administration and Data Security (Paris: OECD Publishing, 2020), 22–24.
[65] E Ekhator, *Fiscal Governance and Accountability in Nigeria* (London: Routledge, 2019), 141–143.
[66] B Nwabueze, *Constitutional Democracy in Africa* (Ibadan: Spectrum Books, 2003), 211–213.
[67] M Lodge and K. Wegrich, *Managing Regulation* (London: Palgrave Macmillan, 2012), 29–31

welfare[68]. It also serves as a justification to clarifying Nigerian's tax administration in the new world economy of digitisation.

### 5.0. Foreign Technical Assistance: implications thereof

Overseas technical assistance has been a staple of efforts to reform tax administration in developing countries, reflecting the complexity of contemporary fiscal administration and fast-paced digitisation. One important advantage, designated commonly as capacity development, refers to the possibility that offshore engagements offer an access to high-quality skills, knowledge or methods relatively unavailability on the ground[69]. This is a logic that has also informed the recent Memorandum of Understanding between the Nigeria Revenue Service and France's tax authority, Direction Générale des Finances Publiques, which was presented as a forum of discussion for cooperation in the realm of technical exchange and digital modernisation[70]. Based on comparative experience, such support has the potential to help in achieving efficiency improvements, compliance monitoring and revenue mobilisation if properly designed[71]. Then again, those benefits would be conditional on the receiving body maintaining strategic control over reform agendas. We must therefore differentiate between the enhancement and the substitution of capacity.

Another often mentioned benefit is technology transfer, specifically with regards to digital filing systems, data analytics and risk-based audit tools. Researchers believe that the contact with advanced tax administrations can foster technological modernization at home[72]. In the Nigerian example, cooperation with DGFiP has been cast as a chance to benefit from France's vast experience in digital tax management[73]. Such technology transfer would have the potential to lower long-term administrative costs and enhance service to taxpayers[74]. However, the effects of

[68] F Pasquale, *The Black Box Society* (Cambridge, MA: Harvard University Press, 2015), 214–216.
[69] R Bird, *Taxation and Development* (Baltimore: Johns Hopkins University Press, 2018), 88–90.
[70] "Northern Elders Demand Immediate Termination of FIRS–France Tax Data MoU," News Express Nigeria, https://newsexpressngr.com/news/287459/, accessed 15 December 2025.
[71] OECD, Tax Administration 2023: Comparative Information on OECD and Other Advanced and Emerging Economies (Paris: OECD Publishing, 2023), 41–43.
[72] J Alm and B Torgler, "Do Ethics Matter? Tax Compliance and Institutional Design," *Journal of Economic Behaviour & Organization* 70 (2009): 565–568.
[73]Business Insider Africa, "Nigeria Signs Tax Cooperation MoU with France," https://africa.businessinsider.com, accessed 15 December 2025.
[74] IMF, Digitalization and Tax Administration (Washington, DC: International Monetary Fund, 2022), 19–21.

these benefits is uncertain if the technology fit into local legal, economic and infrastructural realities.

**(i) Institutional Dependency:** Notwithstanding these advantages, foreign technical assistance is also associated to significant risks. Dependency is a result of domestic agencies depending on foreign expertise to perform core operational functions and not as part of an effective assistance strategy[75]. Comparative work from Africa and Latin America shows that long-term dependency can undermine local innovation and disincentivize developing in-house capacities[76]. In the context of tax administration, this risk is accentuated where our foreign partners can influence system design, data structures or compliance positions[77]. This fear that technical cooperation will slowly erode institutional self-reliance is what underlies the fears of groups such as the Northern Elders Forum in Nigeria. Dependency on institutions points to a structural risk, rather than a temporary inconvenience.

**(ii) Erosion of Regulatory Sovereignty:** A similar kind of risk is the erosion of regulatory sovereignty in which foreign technical know-how forces indirect influence over policy decisions. Experts warn that non-binding agreements like MoUs may influence regulatory priorities through embedded standards, training norms and technical benchmarks[78]. Given Nigeria's tax system, it has been opined that, in collaborating with the DGFiP, doing so will tend towards domestic practice subtly following foreign regulations[79]. Such influence can limit policy options, especially when domestic economic conditions differ from those of the aiding country[80]. Regulatory independence is thus eroded not by way of formal legal transfer but through enduring technical dependence. This point demonstrates the importance of having well-defined parameters for cooperation agreements.

[75] H Keren, "Distributed Responsibility in Corporate and Public Governance," *Journal of Legal Analysis* 15 (2024): 70–73.
[76] E Ekhator, *Fiscal Governance and Accountability in Nigeria* (London: Routledge, 2019), 133–135.
[77] M Kwet, "Digital Colonialism and African Data Sovereignty," *Journal of African Political Economy* 8, no. 1 (2019): 12–15.
[78] J Black, "Decentring Regulation," *Current Legal Problems* 54 (2001): 121–124.
[79]The Nation, "Northern Elders Demand Termination of FIRS–France MoU," https://thenationonlineng.net, accessed 15 December 2025.
[80] D Levi-Faur, "Regulation and Regulatory Governance," *Jerusalem Papers in Regulation & Governance*, no. 1 (2011): 7–9.

**(iii) Data control and security risks**, especially where foreign aid meets digital infrastructure are another major concern. The administration of tax relies on masses of data where breaches can erode the trust of taxpayers and for national security[81]. In cases even where a direct transfer of information is not envisaged, foreign participation in the design or maintenance of such systems could lead to potential weaknesses[82]. The case of cross-border data arrangements yields comparative lessons about how diverging legal standards and enforcement cultures can disrupt accountability[83]. Given these risks, it is unsurprising that data sovereignty has taken prominence in discussions about tax cooperation in Nigeria. Hence, strong protections against technical assistance becoming a channel for loss or misuse of data are critical. Aggregated data could reveal key financial patterns, giving France's insight into Nigeria's economy and potentially affecting the country's control over its fiscal policies[84].

Finally, the proper screening and assessment of foreign technical assistance in tax administration should be determined by a balance between benefits and institutional risks in the longer term especially**.**

**(iv) Sovereignty's Dilution** due to mega-multiplying effects. A Nigerian MOU with France and DGFiP may generate short-term efficiency gains, but its payoffs hinge on the extent to which a more transparent reform process is guided by valued principles of oversight and domestic ownership.

**(v) Digital Transformation Commitments:** Frances's commitments include support for automated interfaces and enforcement tools built around AI and machine learning. These systems are essential for combating increasingly sophisticated tax evasion and cyber security threats. The partnership also opens channels for Nigeria to align its systems with OECD Base Erosion and profit sharing norms. This alignment aims to limit the ability of multinational companies to shift profits outside Nigeria, a recurring concern in sections where digital platforms dominate commercial activity.

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[81] M Hildebrandt, "Data-Driven Law and the Limits of Legal Protection," *Modern Law Review* 84, no. 1 (2021): 9–12.
[82] F Pasquale, *The Black Box Society* (Cambridge, MA: Harvard University Press, 2015), 214–216.
[83] OECD, Tax Administration and Data Security (Paris: OECD Publishing, 2020), 22–24.
[84] O Okebiorun, Nigeria signs tax data MoU with France, raising sovereignty concerns', Business Insider Africa, 12th December, 2025, (accessed 26th March, 2026)

**(vi) Taking Advantage of Capacity Building Provisions:** Human resources development forms a content pillar of the MoU. Thousands of Nigeria tax officers are expected to receive training in leadership, compliance methodology and digital enforcement. Nigeria would take advantage of this opportunity.

**(vii) Leveraging French IT Models:** France's experience with advanced tax IT infrastructure is set to inform Nigeria's rollout of new analytics dashboards, automated support systems and secure interface for taxpayer engagement. Nigeria would certainly benefit from this.

**(viii) Content of Regional Reform Trends:** The MoU fits within a broader continental pattern, where African states that are confronted with high debt servicing costs seek foreign technical support to expand tax bases. Nigeria's partnership with France is one of several bilateral arrangements in 2025 aimed at reducing leakages and stabilizing public finances.

**(ix) Data Exchange Dynamics:** Automatic information sharing is the most sensitive element of the pact. The agreement allows for cross-border flows of taxpayer data, including digital platforms records and corporate filings to strengthen audits and transfer pricing reviews. This structure promises unprecedented visibility into foreign-linked transactions for Nigeria. However, it exposes Nigeria's asymmetric to France's far more advanced analytic systems.

**(x) Aligning with Global Norms:** The MoU closely follows OECD framework for the automatic exchange of information, which by 2025 have been adopted by more than 100 countries. This reinforces Nigeria's commitment to international transparency.

**(xi) Fiscal Autonomy Implications:** Although the reforms promise improved revenue administration, it may compromise the fiscal independence of Nigeria.

**(xii) Revenue Mobilization Gains:** The MoU shows the willingness of Nigeria to broaden non-oil revenue bases, and reduce loses through modern technology significantly.

**(xiii) Impact on Investment Negotiations:** Nigeria's growing sovereign wealth fund and its 2025 push for renegotiating bilateral investment treaties depend on tight control over sensitive financial information. If foreign regulators gain greater insight into Nigeria's fiscal operations, her negotiation power could diminish.

**(xiv) Domestic Political Ramifications:** The MoU is likely to spark significant debate within the National Assembly especially from the opposition lawmakers. Unions and pressure groups are likely to criticize the government for entering into the MoU[85].

Experience of comparison indicates that those recipient countries which have successfully treated foreign aid as temporary and supplementary have done so by considering it as instrumental, not a replacement[86]. This section thus cautions that technical cooperation should be framed within explicit legislative constraints, capacity-transfer targets and exit strategies[87]. This approach will give confidence that aids support rather than replace local systems. It would also tie tax reforms to constitutional principles of sovereignty and responsibility.

## 6.0. Conclusion and Recommendations

This article has explored the legal tension between national data sovereignty and foreign technical support in the framework of Nigeria's modernization tax administration. It considered the Memorandum of Understanding (MoU) between the Federal Inland Revenue Service and tax authority of France as a case study in analysing the dynamics associated with international cooperation in a digitalised fiscal space.

The central argument presented in the article is that foreign technical assistance on tax administration has advantages as well as disadvantages which need to be weighed carefully. First, in many cases, it can help to strengthen institutional capacities, technology upgrading and modernization of firms, compliance mechanisms or fiscal capacity. On the other hand, it entails risks of institutional dependence, loss of regulatory capacity, disclosure of confidential tax information and incremental transfer of sovereignty if not properly controlled. These all raise legal and moral questions about the fears voiced by Northern Elders Forum, more so as it concerns data capture and external leverage on strategic state organs. Thus, the study only strengthens the argument that legitimacy of foreign involvement rests on transparency, rules with a clear legal threshold and effective domestic oversight. Technical assistance cannot be divorced from

[85] Strasbourg Policy Centre, What Nigeria's Tax Deal with France means for Fiscal Autonomy? 11th December, 2025, (assessed 26th March, 2026)
[86] R Bird and E Zolt, "Technology and Tax Administration in Developing Countries," *World Tax Journal* 13, no. 2 (2021): 201–203.
[87] M Lodge and K Wegrich, *Managing Regulation* (London: Palgrave Macmillan, 2012), 29–31.

safeguards: where the latter do not exist, technical assistance is liable to work against the very institutions it strives to support.

Given these findings, recommendations are made in this study to navigate a sustainable way forward for Nigeria data sovereignty on tax administration. First and foremost, Nigeria needs, as an important measure, to specifically legislate on cross-border tax cooperation and develop clearer laws about how far cross-border cooperation is permissible in terms of scope (including but not limited to data access, storage and processing etc.) and its limitation. Second, available data protection and confidentiality mechanisms should be built upon and strictly implemented to maintain control of tax information effective at national level at all times. Thirdly, the privilege of executive agreements and memoranda with foreign states should be made subject to enhanced parliamentary oversight in order to ensure transparency and democratic accountability. Fourthly, Nigeria should also purposefully invest in indigenous technical capacity such that the support provided by foreigners is temporary rather than permanent. Lastly, recommendations of this kind provide an overall proportional response to concerns raised by the public about sovereignty, and it would ensure that international tax cooperation advances Nigeria's legal, economic and constitutional interests rather than undermine them.