

Fast-moving Consumer Goods (FMCG) Sector stakeholders' report



Nigerian FMCG Sector:
Review and Key Impact
Report

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INTRODUCTION

This Stakeholders' Report outlines key regulatory and legislative developments relevant to the Fast-Moving Consumer Goods (FMCG) sector for the period- January 2025 to December 2025.

The Report focuses on regulatory changes that impact company operations, with particular emphasis on compliance obligations

arising from applicable laws, regulations, and policies that directly affected the FMCG sector, as well as the practical implications of such

on production, distribution, marketing, and other core business functions within the sector.

IN PREPARING THIS REPORT, WE CONSIDERED:

- a. Legislations of the National Assembly (NASS)
- b. Legislations of the Lagos State House of Assembly (LAHA) enacted between January 2025 to
- c. December 2025 ("the Report Period").
- d. Subsidiary instruments made under existing legislation; and
- e. directives and circulars issued by the relevant regulators under existing legislation as well as relevant judicial decision(s) reached by the Courts.

We have also highlighted how the new legislations, legislative changes, directives, circulars and judicial pronouncements of superior Courts impact the Sector's operations, and administration.

EXECUTIVE SUMMARY

This Stakeholders' report outlines critical regulatory changes affecting the Sector between January 2025 and December 2025.

The Nigerian FMCG sector experienced remarkable growth in 2025, rebounding strongly from prior economic disruptions caused by currency instability and inflationary pressures. With a reported 54.1% year-on-year value increase, Nigeria emerged as Africa's fastest-growing FMCG market, driven by resilient consumer demand and adaptive strategies by manufacturers, distributors, and retailers. Key legislative developments, including the landmark tax reforms under the Nigeria Tax Act 2025, the establishment of the Nigeria Revenue Service, and Lagos State's Consumer Protection Agency Law, created a more structured,

transparent, and predictable operating environment for the sector. Additional regulations on product safety, sugar confectionery, beer, and single-use plastics further strengthened compliance expectations, fostering higher industry standards and consumer confidence. Collectively, these developments have improved cash flow, incentivised local manufacturing, and reinforced accountability across supply chains.

Looking ahead to 2026, the sector is expected to maintain strong growth, supported by macroeconomic stability, government initiatives like the Nigeria First Industrial Policy, and robust enforcement of

regulatory standards. Joint Task Forces and regulatory bodies are projected to adopt more proactive, data-driven enforcement approaches, focusing on traceability, packaging, environmental compliance, and public health safeguards. FMCG companies will need to enhance compliance frameworks, align operations with sustainability and local content policies, and integrate regulatory obligations into supply chain and brand strategies. Firms that proactively adapt to these evolving requirements are poised to benefit from a growing, competitive, and increasingly consumer- and regulation-conscious market.



NASS NEW LEGISLATIONS

During the Report Period, the National Assembly (NASS) passed the following new legislation:

 The Nigeria Tax Act 2025

 The Nigeria Revenue Service (Establishment) Act 2025

 The Nigeria Tax Administration Act 2025

 The Joint Revenue Board (Establishment) Act 2025



Summary of New Legislations



The Nigeria Tax Act 2025

President Bola Ahmed Tinubu, on 26 June 2025 signed the Nigeria Tax Bill into law as the Nigeria Tax Act 2025. The Act introduced key changes aimed at streamlining operations, improving cash flow, and

enhancing compliance, alongside several significant tax policy changes that will materially affect operations and investment decisions, and specific incentives for manufacturers.

Application: The Nigerian Tax Act 2025 applies to all individuals, companies, manufacturers, and businesses both local and foreign that earn income or carry out taxable activities in Nigeria.

Some Key Features of the Act that relates to the FMCG Sector

Exemption of Manufacturers from paying Withholding Tax (WHT):

The WHT exemption allows manufacturers to receive full payment for locally made goods without tax deductions, improving cash flow, reducing administrative burden, and supporting local manufacturing.

Zero-Rated Essential Goods:

The Act now allows more essential items like basic foods, medical products, and educational materials to be taxed at zero VAT. This means that companies that produce or sell these items can now get back the VAT they pay on many of their expenses, such as services and factory equipment. Before now, they could not recover these costs. As a result, companies can save money, improve cash flow, reduce production costs, and possibly keep prices lower for consumers.

Streamlined Company Classification and targeted Tax Incentives:

Section 56 of the Tax Act replaced the former classification of companies, small, medium, and large with only small companies and other (larger) companies. A small company defined as one with annual gross turnover of ₦100 million or less and fixed assets not exceeding ₦250 million. These companies are fully exempt from Companies Income Tax, easing financial pressure and allowing them to reinvest in growth and competitiveness.

While companies with annual turnover above ₦100 million remain subject to the standard 30% Companies Income Tax rate, reflecting their greater capacity to contribute. This size-based tax structure promotes fairness, supports both emerging and established manufacturers' businesses, and sustains a balanced industrial ecosystem that encourages innovation, employment, and long-term economic stability.



Some Key Features of the Act that relates to the FMCG Sector

Minimum 15% Tax Rule for Large Manufacturing Groups

The Tax Act introduced a minimum tax requirement to ensure that large manufacturing companies pay at least 15% tax on their net income. This rule applies to manufacturers that are part of multinational groups with global turnover of €750 million or more, as well as companies with annual Nigerian turnover of ₦50 billion or above.

However, manufacturers operating in Free Trade Zones are only exempt if they are not linked to a multinational group and export their products outside Nigeria.

Also, where a Nigerian parent company owns foreign subsidiaries that pay tax below the 15% minimum, the parent company must pay an additional “top-up” tax to cover the difference.

Overall, this provision is aimed at preventing large manufacturing groups from paying disproportionately low taxes, while aligning Nigeria’s tax system with global standards on tax fairness.

Capital Gains Tax Relief on Small-Scale Share Disposals:

Under Section 34(1)(a)(i) of the Nigeria Tax Act 2025, manufacturers are exempt from Capital Gains Tax when disposing of shares in related companies, subsidiaries, or joint ventures, provided the total value of the transaction is below ₦150 million and the chargeable gain does not exceed ₦10 million within any rolling 12-month period.

In practical terms, this means small manufacturing companies can sell portions of their equity to raise funds or restructure their portfolios without incurring capital gains tax, as long as the transaction remains within these limits. The relief reduces tax exposure on minor divestments and allows manufacturers to reinvest the proceeds into operations, expansion, or technology improvements more efficiently.



Some Key Features of the Act that relates to the FMCG Sector

Guaranteed Minimum Tax Contribution for Non-Resident Manufacturers:

Section 17 of the Nigeria Tax Act 2025 requires non-resident manufacturing companies that operate or earn income in Nigeria to pay a minimum level of tax. Instead of relying only on declared profits, the tax is calculated based on how much real business activity the company carries out in Nigeria, measured using its Earnings Before Interest and Tax (EBIT).

To ensure a fair contribution, the Act sets a minimum tax floor. Non-resident manufacturers must pay at least the higher of the applicable withholding tax on their Nigerian income or 4% of their total gross income earned from Nigeria. This rule prevents foreign manufacturers from paying little or no tax due to high deductions and ensures that companies with substantial Nigerian operations contribute consistently to the tax system.

Enhanced Penalties for Tax Non-Compliance:

Sections 100-103 of the Nigeria Tax Act now has much stricter fines for companies that fail to meet basic tax obligations. Manufacturers and other businesses face the following risks if they don't comply with the law:

Late or missing tax returns will attract an initial ₦100,000 fine, and ₦50,000 for each month the return remains outstanding.

Awarding contracts to suppliers or contractors who are not tax-registered can lead to a hefty ₦5 million penalty.

Refusing to allow the tax authority to deploy approved technology after notification may also result in significant fines.



The Nigeria Revenue Service (Establishment) Act 2025

On 26 June 2025, President Bola Ahmed Tinubu signed into law the Nigeria Revenue Service (Establishment) Act 2025. The Act represents a major institutional reform of federal tax administration. The Act repeals the Federal Inland Revenue Service (Establishment) Act, 2007 and establishes the Nigeria Revenue Service as the central authority responsible for the assessment, collection, accounting, and enforcement of all federally collectible taxes and other designated revenues.

The Act expands the scope and capacity of federal tax administration in ways that directly affect large and nationally operating businesses. The NRS now operates within a broader, more integrated framework that covers both tax and certain non-tax revenues, including petroleum-related levies, while promoting data integration and inter-agency collaboration. This is expected to strengthen oversight, improve compliance monitoring, and create a more coordinated regulatory environment for the sector.

Application: The Act applies to all individuals, companies, manufacturers, and businesses both local and foreign that earn income or carry out taxable activities in Nigeria.

The Nigeria Tax Administration Act 2025

President Bola Ahmed Tinubu on 26 June 2025, signed into law the Nigeria Tax Administration Act 2025. The Act established a unified and predictable tax administration framework that reduces compliance complexity and minimises the risk of overlapping tax demands across jurisdictions. It brings clarity to tax procedures, enforcement mechanisms, and administrative responsibilities, which is particularly beneficial for businesses operating across multiple states.

The key federal taxes affecting the sector, includes corporate income tax, value-added tax, petroleum-related taxes, non-resident taxation, and national tax incentives, are administered by the Nigeria Revenue Service. State and FCT tax authorities retain responsibility for employee personal income tax and other state-level levies, ensuring a clear separation of tax obligations.

Application: The Act applies to all individuals, companies, manufacturers, and businesses both local and foreign that earn income or carry out taxable activities in Nigeria.

Implications for the FMCG Sector

FMCG companies must ensure comprehensive Tax Identification Number registration across all entities, business units, and transactions, including dealings with non-resident suppliers and digital service providers. Enhanced reporting by banks and digital platforms increases transaction visibility and reduces tolerance for informal practices.

FMCG companies are to mandatorily disclose tax planning arrangements to increase exposure to audits and retrospective assessments, particularly for complex supply chains, transfer pricing structures, and incentive claims common in the sector.

The Act also defined timelines for refunds and the ability to offset overpaid taxes support liquidity management, but this requires robust documentation and accurate timely filings.

Failure to comply with the provisions of the Act could attract higher penalties, making strong internal tax controls and record-keeping essential for FMCG operators.



Laha New Legislations

During the report period, it was noted that the Lagos State Consumer Protection Agency Law enacted Lagos State House of Assembly (LAHA) took effect in February 2025, which established the Lagos State Consumer Protection Agency (LASCOPA) as a statutory body to safeguard consumer rights and ensure fair trade practices across all goods and services, including FMCG products.

By providing Lagosians with an avenue for redress, this law empowers consumers to demand accountability from businesses; empowers enforcement against manufacturers, distributors, and retailers that sell unsafe, expired, or substandard consumer goods. It also mandates strict enforcement of consumer rights, ensuring that Lagos residents are protected from exploitation and harm in their transactions.

The Agency carried out various enforcements like;

- I. the ban on Single-use Plastics from 1 July 2025
- II. enforcement against expired and substandard goods; On August 3, 2025, the National Agency for Food and Drug Administration and Control (NAFDAC) conducted a major enforcement operation in Lagos, where it seized more than ₦1.5 billion worth of banned, expired, and unregistered products. The operation targeted several warehouses and market sections, including the cosmetics section of the Lagos Trade Fair Market, where expired and potentially unsafe goods were being offered for sale.

The seized items included expired food and cosmetic products, banned goods that bypassed regulatory testing, and other unregistered items. This action was part of NAFDAC's broader effort to remove harmful products from circulation. Dr. Martins Iluyomade, Director of Investigation and Enforcement, emphasized that the operation was ongoing and warned that offenders would face legal consequences if found guilty.

Subsidiary Instruments Made Pursuant To Existing Legislations

Nigerian Data Protection Act General Application and Implementation Directive, 2025 (GAID 2025)

On 20 March 2025, the Nigeria Data Protection Commission (the “Commission”) issued the Nigerian Data Protection Act General Application and Implementation Directive (“GAID”) pursuant to its powers under the Nigeria Data Protection Act 2023 (“NDPA”).

The GAID became effective on 19 September 2025, and by virtue of Article 3(3) of the GAID, the Nigeria Data Protection Regulation (NDPR) 2019 and the NDPR Implementation Framework 2020 are no longer operational.

The GAID 2025 explains how to implement and follow the Nigeria Data Protection Act 2023, including detailed compliance steps for organisations, clear definitions of data rights, and a practical regulatory framework for enforcing data privacy protections in Nigeria.

Implementation

The inapplicability of the Nigeria Data Protection Regulation (NDPR) 2019 and the NDPR Implementation Framework 2020 by the GAID however does not render their applicability prior to the enactment of the GAID invalid, as all acts carried out during their subsistence remain valid to ensure uniform compliance across various industries.



The various compliance steps include;

- a. GAID goes beyond the high-level rules in the NDPA by giving detailed directives on how organisations should meet their obligations — e.g., documentation, reporting, and implementation steps.
- b. FMCG companies that collect data like customer identities, contact information, purchase behaviour must register with NDPC, appoint Data Protection Officers (DPOs), run regular compliance audits, and maintain semi-annual data processing reports. These processes add operational requirements and compliance costs but improve governance.

Nigeria Single Window (NSW) Trade System

The Nigeria Single Window (NSW) Trade System is an electronic platform designed to streamline import and export processes in Nigeria. It allows traders, importers, and exporters to submit all required documents and obtain approvals from multiple government agencies through a single portal. Agencies integrated into the system include the Nigeria Customs Service (NCS), NAFDAC, Standards Organization of Nigeria (SON), and others. The system aims to reduce bureaucracy, cut down clearance times, enhance transparency, and improve compliance with regulatory requirements.

Implementation

By digitizing and centralizing trade documentation, FMCG companies can now clear imports and exports faster, reducing delays in obtaining raw materials, packaging, and finished goods. The system ensures that all regulatory approvals, including NAFDAC and SON certifications, are verified electronically, enhancing compliance and minimizing the risk of penalties. Faster customs clearance translates to lower demurrage costs and improved supply chain efficiency, which is particularly crucial for perishable products.

Furthermore, the transparency and tracking capabilities of the NSW allow FMCG companies to monitor shipments in real-time, improving inventory management and forecasting. While there may be initial costs for training staff and adapting internal processes, companies that effectively leverage the NSW can maintain consistent stock levels, reduce operational risks, and gain a competitive advantage in the market.



New Legislations, Regulations, Directives and Judicial Decisions Relevant to Your Company's Business and Operations

NEW LEGISLATIONS, REGULATIONS, DIRECTIVES AND JUDICIAL DECISIONS RELEVANT TO YOUR COMPANY'S BUSINESS AND OPERATIONS



The “Nigeria First” Industrial Policy



The National Agency for Food and Drug Administration and Control (NAFDAC) Sugar Confectionery Regulations 2025



The National Agency for Food and Drug Administration and Control (NAFDAC) Beer Regulations, 2025



NAFDAC orders ban of sachet alcohol and bottles below 200ml from December 2025



The “Nigeria First” Industrial Policy

The Federal Executive Council approved the “Nigeria First” policy in May 2025 as a strategic initiative mandating federal agencies to prioritize Nigerian-made goods and services in procurement, shifting spending to boost local industries, create jobs, reduce import reliance and foster self-reliance, with implementation focusing on enforcing local content, improving infrastructure (power, transport), and ensuring quality standards for a robust, export-driven economy.

Implication

In the FMCG sector, this policy is particularly impactful because it directly channels government and institutional demand toward locally produced consumer goods. FMCG companies now have a clear incentive to align their operations with local content guidelines, ensuring that their products meet established quality standards to secure government contracts. This preferential treatment not only stabilises demand for Nigerian FMCG brands but also strengthens their market presence, fostering both visibility and credibility among consumers and corporate buyers.

While this could involve upfront costs, particularly in sourcing raw materials locally or upgrading facilities, it ultimately promotes competitiveness and resilience. Firms that effectively leverage the Nigeria First policy stand to gain a sustainable advantage in a market that increasingly values domestic production.

From a consumer perspective, the policy may initially create pressure on pricing, as locally manufactured goods could be costlier than imports due to infrastructure and supply chain limitations. However, as more manufacturers scale up and strengthen their operations, greater efficiency and domestic sourcing could stabilise costs over time. Additionally, the emphasis on local content stimulates innovation and brand development, encouraging FMCG companies to enhance product quality, diversify offerings, and establish strong Nigerian brands capable of competing both locally and regionally.



The National Agency for Food and Drug Administration and Control (NAFDAC) Sugar Confectionery Regulations 2025

The Sugar Confectionery Regulations 2025 were developed and approved under the authority of the NAFDAC Governing Council and published as part of the agency's 2025 suite of regulations. It set out safety, quality, and labelling standards for sugar-based products, including candies, chocolates, gums, and other sweetened confections. The regulations cover the production, importation, packaging, distribution, and marketing of these products, ensuring they meet safety and nutritional standards and are free from harmful additives. The objective is to protect consumers, prevent misleading claims, and harmonise industry practices with international norms.

Implication

For the FMCG sector, this means sugar confectionery manufacturers must align production processes, ingredient sourcing, and labelling with the new standards. Companies may need to reformulate products, enhance quality assurance systems, and improve packaging to comply with the regulations. While this could increase operational costs initially, it also ensures products are safe, reliable, and accurately labelled, enhancing consumer confidence in local brands.

Retailers and distributors are equally affected, as they must verify that the sugar confectionery products they stock comply with NAFDAC's standards. This encourages better supply chain management, strengthens traceability, and reduces the circulation of substandard or unsafe products. Ultimately, the regulations are positioned to raise industry standards, promote consumer safety, and support the growth of trusted Nigerian confectionery brands.



The National Agency for Food and Drug Administration and Control (NAFDAC) Beer Regulations, 2025

The Beer Regulations 2025 were issued in 2025 as part of NAFDAC's broader regulatory agenda for food and beverage products. Like the sugar confectionery rules, they are part of the set of NAFDAC's 2025 regulations setting out safety, quality, labelling, and manufacturing standards for beer products sold or distributed in Nigeria.

They govern permissible ingredients, alcohol content, production methods, additives, packaging, and marketing practices to ensure consumer safety and consistency across the sector. The regulations also aim to prevent harmful substances in beer and ensure that labels provide accurate product information.

Implication

Manufacturers are to adjust ingredients, brewing processes, and alcohol content to meet safety and quality standards, ensuring consumer protection and reducing the risk of recalls or seizures. Beer products must carry accurate labels detailing ingredients, alcohol levels, manufacturing and expiry dates, and health warnings, with non-compliance potentially leading to fines, market withdrawal, or reputational damage. Breweries and distributors are also expected to strengthen quality assurance, traceability, and documentation across the supply chain, including sourcing compliant raw materials and monitoring production batches to meet regulatory scrutiny.

Adhering to these regulations enhances market access, brand credibility, and consumer trust, while failure to comply exposes companies to enforcement actions such as product seizures, sanctions, and public naming of non-compliant brands. Although operational costs may rise due to equipment upgrades, lab testing, or label redesigns, these investments support competitive positioning, transparency, and regulatory compliance. Overall, the Beer Regulations reinforce public health protections and encourage FMCG beer producers to integrate compliance into product development, manufacturing, and distribution strategies, allowing proactive companies to leverage adherence as a strategic advantage in the Nigerian market.



NAFDAC orders ban of sachet alcohol and bottles below 200ml from December 2025

In November 2025, the National Agency for Food and Drug Administration and Control (NAFDAC) announced a nationwide ban on the production, sale, and distribution of alcoholic beverages packaged in sachets and bottles below 200 milliliters. The decision followed a Senate resolution and directives from the Federal Ministry of Health and Social Welfare, aimed at safeguarding public health and reducing harmful alcohol consumption, particularly among children, adolescents, and young adults.

The policy applies specifically to spirit drinks and alcoholic beverages packaged in sachets or in PET and glass bottles below 200 milliliters. It does not constitute a general prohibition on alcohol production. NAFDAC has indicated that nationwide enforcement measures will be implemented to ensure compliance with the regulation.

To allow manufacturers and distributors time to adjust, December 2025 was set as the transition period for phasing out affected products, modifying production processes, and depleting existing stock. Full enforcement of the ban is to begin in January 2026.

Implication

The NAFDAC ban on sachet alcohol and bottles below 200 ml requires FMCG companies to adjust production lines, phase out existing stock, and revise distribution and marketing strategies. While there may be short-term revenue impacts due to changes in pack sizes and consumer preferences, the regulation presents opportunities to reposition brands, introduce compliant packaging, and strengthen compliance monitoring, helping companies mitigate legal risks and maintain market share.



OUTLOOK FOR 2026



In 2025, Nigeria's FMCG sector recorded one of the strongest growth performances in Africa, achieving a remarkable 54.1% year-on-year increase in value. The sector rebounded decisively from currency instability and inflationary pressures, firmly positioning Nigeria as the fastest-growing FMCG market on the continent. Growth was broad-based, with notable strength in beverages, dairy products, energy drinks, and packaged convenience foods, driven by resilient consumer demand and the ability of companies to adapt pricing, packaging, and distribution strategies. The enactment of key laws in 2025, alongside increasingly robust regulatory enforcement, has created a more predictable operating environment, providing a solid foundation for sustained expansion in 2026.

Looking ahead, enforcement by joint task forces is expected to intensify and become more institutionalised, with ongoing market surveillance, inter-agency collaboration, and stricter focus on product traceability, packaging compliance, environmental standards, and public health. Informal retail channels, sachetised products, and socially sensitive FMCG categories will face closer scrutiny, while public seizures, sanctions, and naming of non-compliant brands will increasingly serve as deterrents. Legitimate manufacturers and distributors will also be expected to maintain up-to-date regulatory approvals, accurate labelling, and robust supply chain traceability.

Under the Nigeria First policy, the outlook remains broadly positive. Government support, structured implementation plans, and growing consumer preference for locally produced goods are expected to boost domestic demand. While the pace of growth will depend on improvements in energy, logistics, and access to quality raw materials, companies that integrate compliance, quality, and sustainability into their operations are well-positioned to benefit from a competitive, innovation-driven, and increasingly consumer-conscious.

Conclusion

We trust that this Report is invaluable to FMCG companies, particularly in relation to manufacturing services in Nigeria during the Report period.

Should you require further clarification on any new legislation, regulation, guideline, or directive, please do not hesitate to reach us at contact@strenandblan.com.

About Stren & Blan Partners

Stren and Blan Partners is a world-class ingenious law firm with a beautiful blend of the brightest minds and well-rounded individuals championed with sole responsibilities of providing solutions to business problems and equally finding answers to the questions of our clients. We are a team always guided by our professional ethics. Also, honesty and transparency have been our watchwords in practice.

Stren & Blan Partners is a full-service commercial Law Firm that provides legal services to diverse local and multinational corporations. We have developed a clear vision for anticipating our clients' business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence.

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