



CHARTERED INSTITUTE OF TAXATION OF NIGERIA
APRIL 2026 PROFESSIONAL EXAMINATION
PTX II: TEST OF PROFESSIONAL COMPETENCE
(PRE-SEEN)

INSTRUCTION

A. PRE – EXAMINATION

- Print your examination slip/ docket containing your exam link, username & password.
- Review the **pre-seen document/information** below.
- Get acquainted with the **pre-seen** ahead of the examination.
- It is crucial that you conduct sufficient research and analysis on your own to gain a thorough understanding of the pre-seen part of the examination.
- Conduct any study or research that you know about the areas of taxation discussed in the pre-seen.

B. DURING THE EXAMINATION

- You **MUST NOT** have in your possession any jottings, summary, note or the “pre seen” document received before the examination. This will be provided along with additional **exhibits** and information during the examination.

Assessment/Marking modalities:

Marks are awarded for the demonstration of professional competence as follows:

Assessment criteria	Score (%)
Assimilating and using information	20%
Understanding & Application of relevant tax laws and regulations	20%
Substantiated conclusions and relevant advice	20%
Logical Consistency and Presentation	10%
Demonstration of experience, knowledge, and skills	10%
Preparation of an Executive Summary & treatment of ethical issues	20%

- Candidates should note that marks are not awarded for just simply restating facts from the scenario. Scores are awarded for the demonstration of professional competence, technical depth and substantiated conclusion and relevant recommendations in terms of tax advice. To earn maximum mark, candidates are therefore required to:

- (i) Demonstrate adequate understanding of the scenario/exhibits;
- (ii) Demonstrate knowledge of ethical principles and organisational ethics, which include accountability, fairness, honesty, integrity and social responsibility (where necessary);
- (iii) Carry out appropriate research, identify the tax issues, and analyse the tax issues involved;
- (iv) Make informed judgments based on the analysis of the tax issues and relevant tax laws and regulations; and

Present a substantiated conclusion and offer relevant advice

Exhibit 1

About you (Amina Suleiman) and your employer, Balogun & Adetola Tax Consultants Ltd, a firm of Chartered tax practitioners.

You are Amina Suleiman, writing the Professional level of CITN examination. You are employed as a Senior Tax Consultant by Balogun & Adetola Tax Consultants Ltd. You are reporting to Chike Adetola, Partner in charge of the Corporate & International Tax division within the firm.

Your responsibilities include:

- Advising corporate clients on the tax implications of business operations, restructuring, and mergers and acquisitions;
- Conducting tax health checks and reviews to ensure compliance and optimise tax liabilities;
- Preparing tax computations and returns for corporate entities, especially those in the extractive industries;
- Representing clients in discussions and disputes with the Federal Inland Revenue Service (FIRS);
- Providing clients with strategic tax planning advice to align with business objectives while ensuring full compliance with the complex Nigerian tax laws and regulations; and
- Keeping clients updated on changes in tax laws, particularly the Petroleum Industry Act (PIA) 2021, Finance Acts, and relevant international tax treaties.

These responsibilities demand that you maintain an in-depth and current knowledge of the Nigerian tax space and maintain a professional relationship with the tax authorities.

Exhibit 2

Client profile

Client: Eaglecrest Energy & Production Limited ("Eaglecrest" or "the Company")

Date of Incorporation: July 15, 2005

Core Business: An independent Nigerian oil and gas exploration and production company with upstream operations in onshore and shallow water terrains.

Operational Structure:

Eaglecrest operates under two key arrangements

1. Joint Venture (JV) with the Nigerian National Petroleum Company Limited (NNPC): Owning a 45% interest in the "OML 72" asset.
2. Production sharing contract (PSC) with NNPC Upstream Investment Management Services (NUIMS): Holds a 30% interest in the "OML 108" asset, with a major international oil company (IOC) as the operator.

Corporate governance structure

- Board of Directors: Chaired by Alhaji Mustapha Bello.
- Board Audit Committee: Oversees financial reporting, internal controls, and risk management. It comprises three non-executive directors.
- Chief Finance Officer (CFO): Mr. Tunde Okonkwo. Responsible for all financial operations, including tax provisioning and planning.
- Tax Compliance & Strategy Unit: A dedicated unit headed by Mrs. Ngozi Eze, reporting to the CFO. Responsible for day-to-day tax compliance, filing returns, and implementing the company's tax strategy.

Recent challenges

The company has faced significant operational and fiscal challenges, including:

- Fluctuations in crude oil prices impacting cash flow;
- Complex tax assessments and disputes with the FIRS, particularly around deductibility of signature bonuses and upstream costs;
- The transition to the new fiscal regime under the Petroleum Industry Act (PIA) 2021; and

- Increased scrutiny from the FIRS on transfer pricing (TP) for transactions with its international partners and parent company.

This has prompted a major internal initiative to strengthen its corporate governance and strategic tax planning framework to ensure compliance, mitigate risks, and optimise its tax position.

Eaglecrest Energy & Production Limited - Financial & tax extract for year ended December 31, 2024

Description	JV Operations (OML 72) (₦'m)	PSC Operations (OML 108) (₦'m)	Total / Group (₦'m)
Gross Revenue	120,000	85,000	205,000
Less: Royalties	(12,000)	(10,200)	(22,200)
Net Revenue	108,000	74,800	182,800
Less: Operating expenses	(45,000)	(38,000)	(83,000)
Less: Capital allowances (CAs) brought forward	(55,000)	(30,000)	(85,000)
Less: Signature bonus (incurred in 2023)	(5,000)	-	(5,000)
Less: Management fee (to Parent Co.)	(2,500)	(1,800)	(4,300)
Profit/(Loss) before tax	500	5,000	5,500
Companies income tax (CIT) @ 30%	150	Note 1	TBD
Education tax (ET) @ 2.5%	12.5	Note 1	TBD
Hydrocarbon tax (HT) @ 15%	Note 2	Note 3	TBD

Notes:

1. PSC Tax: Tax liability for PSC operations is calculated under the PSC framework. The Company's share of profit oil is determined after cost oil recovery. The applicable tax rates are governed by the PIA 2021.
2. JV Hydrocarbon tax (HT): HT is applicable on profits from JV operations. The rate is 15% for onshore and shallow water areas under the PIA 2021.
3. PSC Hydrocarbon tax (HT): HT is also applicable on profits from PSC operations.
4. Tax payments and balances: As at December 31, 2024, the company had a pending tax assessment dispute with the FIRS regarding the deductibility of the ₦5 billion signature bonus for JV operations. A provision of ₦1.5 billion (30% of the disputed amount) has been made in the accounts.
5. 2024 CIT & EDT Returns were filed on May 31, 2025, based on the above computations.