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Article

The Phantom Ledger: Algorithmic Taxation, Legislative Opacity, and the Crisis of Fiscal Intelligibility in Nigeria

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Abstract: With the new Tax Acts slated to take effect in January 2026, Nigeria's intended transition to automated, data-driven taxation is framed as a modernization effort to enhance efficiency and revenue generation. It is predicated on systems like TaxPro Max and technical collaboration with the French Directorate General of Public Finances, embedding algorithmic audits and real-time data integration for fiscal governance. While current policy dialogue is replete with notions of efficiency and compliance, it fails to interrogate the ethical, political, and epistemic ramifications of algorithmic darkness and purported contradictions between appropriated bills and promulgated international tax doctrine. In this article, Onora Neill ethics of communication and Philip Pettit theory of non-domination are employed to assess moral legitimacy, providing a critical reflection on whether the emerging tax regime violates the taxpayer right to understand. It claims that, taken together, opaque algorithms, technical foreign dependence, and post-legislative textual modification expose citizens to arbitrary power, creating a kind of "Phantom Ledger" in which fiscal obligations are determined by unintelligible code or variable legal texts. This study takes the novel approach of framing Nigerian tax reform as issue of fiscal intelligibility rather than simply administrative efficiency, by uniquely combining insights from communication ethics, republican political theory and critiques of digital colonialism. The results point to the fact that unless we have a sovereign algorithmic process and a strong due diligence legal process, automated taxation stands to undermine a democracy's accountability, tax sovereignty, and the status of citizens as moral agents entitled to reasons and such not just revenue streams.

Keywords: algorithmic intelligibility, fiscal sovereignty, digital colonialism, philip pettit, taxpro max, legislative opacity, hermeneutical injustice.

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1. Introduction

We are arguably witnessing a quiet, almost invisible revolution take place in how the Nigerian state relates to its citizens. It is a shift that is easy to miss because it is wrapped in the language of "modernisation," "efficiency," and "expanded revenue base." However, if we investigate closely the architecture of the new Nigeria Tax Acts scheduled to take full effect in January 2026, and the strategic technological partnerships that underpin them, something unsettling begins to emerge. I find it helpful to think of this transition using the analogy of a Masquerade. In many Nigerian cultures, the Masquerade is a figure of judgment and authority, feared and respected precisely because the human agent inside is hidden [1][2]. The spirit speaks, and the community obeys. For decades, our tax system was a very human, albeit flawed, interaction. You walked into a tax office in Ikeja, Kano or Port Harcourt, you argued with a weary officer, you negotiated, and perhaps you settled. It was messy, often corrupt, but it was intelligible. You knew who you were dealing with.

The new regime, however, appears to be replacing that human officer with a digital one. Whether it is the automated assessments of the *TaxPro Max* system or the new AI-driven audit tools being developed in partnership with the French Directorate General of Public Finances (DGFiP), the authority to determine fiscal liability is shifting into a "black box." And unlike the traditional Masquerade, which was at least carved by local artisans and danced to local drums, this new digital judge is increasingly imported, trained on foreign logic, and governed by rules that even our lawmakers claim they did not approve. On the surface, this looks like a necessary utilitarian victory. As D'Ascenzo notes in his analysis of global trends, tax administrations worldwide are moving away from "retroactive audits" toward "real-time data integration" [3]. The argument is simple: Nigeria has a revenue problem. Our tax-to-GDP ratio is historically low. Automated systems promise to crunch millions of banking transactions, identify the wealthy tax evaders who hide in the informal sector, and generate the revenue needed for development. Indeed, Irefe-Esema and Akinmade provide empirical evidence from the Nigerian context suggesting that manual systems have failed to curb evasion, arguing that "automation is the only viable pathway to closing the compliance gap" (p. 8). However, there is a catch. My position is that we are trading understanding for revenue. By weaving Onora O'Neill's work on communication ethics together with the political philosophy of Philip Pettit, I want to argue that the Nigerian state has a strict moral duty of "intelligibility" toward the taxpayer. An automated tax demand that cannot be explained, or a tax law that differs in the *Gazette* from what was passed in the Chamber, is not just a technical glitch; it is arguably a form of political "domination" [4][5]. It subjects the citizen to arbitrary power.

This article aims to restructure the critique of the "Black Box Society" in response to the specific Nigerian context. I will suggest that the January 2026 reforms risk creating a "Phantom Ledger", a system of governance where the rules are hidden in proprietary code or secret diplomatic agreements. First, I will look at the global pressure to tax the "hard-to-tax" and how this justifies intrusive technologies, drawing on Alm and Deloitte [6]. Second, I will examine the moral framework of intelligibility versus the "thin" legal protections we currently have. Third, I will examine the controversial FIRS-France deal through the lens of "Digital Colonialism," engaging with Spivak and Birhane to ask if we are importing a "French gaze" to judge Nigerian economic life. Finally, I will address the recent, explosive claims by members of the House of Assembly regarding discrepancies in the enacted laws, arguing that when the law itself becomes a "black box," the social contract is fundamentally broken [7].

2. Methodology

This article utilises a qualitative interpretive normative methodology which is exclusively based on conceptual analysis and critical theory within the dominant academic disciplines of philosophy, political theory and Science and Technology Studies. Using close textual reading of Nigerian Tax Acts framework implementation starting January 2026, descriptions of automated tax systems policy representations including TaxPro Max, and tax policy systems claims within the scope of enacted bills and gazetted laws, the study considers statements in policy as artefacts of primary normative significance, rather than as databases of empirical data. A hermeneutical approach, which is reflected in the questions of meaning or intelligibility, and of justification rather than those of efficiency or compliance, is employed to analyse these texts. The theoretical framework brings together elements from Onora O'Neill's ethics of communication; from Philip Pettit's republican account of non-domination; and from selective critiques of algorithmic governance and digital colonialism concepts which it does not test as hypotheses, but rather that it mobilises as analytical lenses. Using this framework, the article deconstructs the moral values implicit through automated taxation, opaque legislation, and technical partnerships with foreign states, considering particularly how power is exercised, legitimized, and obscured. The argument unfolds via internal critique, demonstrating how

the ostensible aims of modernisation and revenue expansion run afoul the normative demands of public reason, intelligibility, and non-arbitrary power. Having no new empirical claims to put forth, the methodology is based on philosophical triangulation, conceptual clarification and normative evaluation to reveal structural tensions within the reform agenda. This reading is fitting because the point of the article is to identify a crisis of fiscal sensibility, rather than to assess the performance of some administration or the compliance of some behaviour.

3. Results and Discussion

A To really appreciate the threat posed by this new fiscal regime, we cannot just view it as a malicious plot by the government. It is helpful to understand it as part of a sweeping global orthodoxy. Americo Bevacqua, in his analysis of *Tax Administration in the Digital Era*, describes this shift as the dawn of the "post-assessment era." He argues that we are moving away from a system where the citizen tells the state what they owe, to a system where the state tells the citizen what they must pay based on data they have already harvested [8].

The driving force here is purely utilitarian. The Nigerian government is under immense pressure from international creditors to raise revenue, and the "informal sector" (the market women in Balogun, the artisans in Aba, the unregistered freelancers) has long been viewed as a "fiscal black hole." The traditional method of sending human tax officers to physically audit these traders has proven to be a failure: it is expensive, it is prone to bribery, and it is physically dangerous. James Alm, in his seminal work *Taxing the Hard-to-Tax*, provides the intellectual bedrock for the government's pivot to automation. He argues that trying to tax the informal economy through voluntary compliance or manual enforcement is structurally doomed because the transaction costs are simply too high. Rather than relying on the "visible" tax officer, Alm argues that the state must deputise the digital infrastructure itself [9][10]. He writes:

The fundamental difficulty with the hard-to-tax is that the tax base is hard to measure and hard to verify. Consequently, the administrative costs of identifying, registering, and monitoring these taxpayers are often high relative to the potential revenues... [The solution requires] a shift toward technological intermediaries who can act as deputy tax collectors, effectively removing the human element from the collection chain [11].

This passage suggests that the 2026 reforms are not merely about "modernisation"; they are an admission of defeat regarding human administration. The state is effectively saying that since it cannot trust its officers to be honest, and it cannot trust its citizens to be voluntary, it must insert itself into the very wiring of the economy. This aligns perfectly with the corporate vision outlined by Deloitte in their forecast for the future of tax administration. In a vision statement that feels both efficient and slightly dystopic, they describe a world where the act of "paying tax" disappears as a conscious human action [12].

In the future, tax happens in the background. It is woven into the fabric of business operations... with tax data flowing automatically from the taxpayer's natural systems to the tax authority without human intervention. The goal is to move from a 'file and pay' model to a 'data-driven' model where compliance is an inevitable outcome of the transaction itself [13].

When we read these two perspectives together (Alm's insistence on "technological intermediaries" and Deloitte's vision of tax "happening in the background") the architecture of the new Nigerian tax regime becomes clear. It is designed to be a system of "inevitable compliance." The linking of National Identification Numbers (NIN) and Bank Verification Numbers (BVN) creates precisely the "data flow" Deloitte describes. But we must pause to ask: if tax "happens in the background," where does the citizen's agency go? It arguably vanishes into the same background, leaving us as passive subjects of a process we can neither see nor stop [14].

We might be tempted to ask: Is the law not meant to protect us from this kind of intrusion? Can the government simply look at our bank accounts without consequence? To answer this, we must look beyond the "black letter" of the Nigerian Data Protection Act and examine the operational reality. Kenneth Bamberger in *Privacy on the Ground* argues that in the digital age, "compliance" often becomes a bureaucratic performance rather than a substantive protection. He suggests that what is written in the statute often bears little resemblance to what happens in the server room.

Privacy on the books has effectively been decoupled from privacy on the ground. While the law may promise control and consent, the actual practice involves a 'compliance managerialism' where institutions focus on risk mitigation and paper trails, rather than ensuring that the data subject actually retains power over their information. The result is a system where the form of privacy is respected, but the substance - the ability to keep one's life opaque to power - is lost [15].

Going by the 2026 tax reforms, the Nigerian taxpayer appears to be trapped in exactly this gap. The law may claim to respect privacy, but the operational reality of the *TaxPro Max* system, which mandates the linking of National Identification Numbers (NIN) and Bank Verification Numbers (BVN) to tax profiles, creates a surveillance mechanism where financial privacy is effectively abolished.

This creates a dangerous imbalance of vision. Frank Pasquale, in his foundational text *The Black Box Society*, describes this not as a breakdown of the system, but as its design feature. He argues that we are entering a "one-way mirror" society where the flow of information is entirely lopsided [16]. Pasquale captures this threat in the following words:

We now face a situation where knowledge is becoming increasingly one-sided. The new firms and the governments they serve are like one-way mirrors: they can see everything about us, but we can see almost nothing about them. They judge us based on data we cannot see, using algorithms we cannot understand, for purposes we cannot contest. This is not just a privacy issue; it is a fundamental problem of political standing [17].

The "one-way mirror" metaphor perfectly captures the FIRS-taxpayer relationship under the New Deal. The Revenue Service (and its French partners) can see every transaction I make, every credit alert, and every transfer to my mother in the village, but I cannot see the algorithm that decides whether those transfers constitute "taxable income" or "gift."

Bernardo Huberman warns us that this is not just an annoyance; it is a structural engine of inequality. In *The Digital Divide*, he argues that this concentration of data leads inevitably to a concentration of economic control, wherein,

Data is not merely information; it is capital. The concentration of this capital in the hands of a few central actors leads to an 'informational monopoly' that distorts markets and exacerbates inequality. Those who hold the data hold the power to predict, influence, and ultimately control economic outcomes, widening the gap between the data-rich institutions and the data-poor citizens they govern [18].

With the centralisation of the financial data of 200 million Nigerians into a database likely managed by foreign technical partners, the state is doing exactly what Huberman warns against. It is establishing an informational monopoly. The citizen becomes a "data subject," transparent and vulnerable, while the state remains opaque and invincible. This suggests that the "efficiency" of the new tax system is purchased at the cost of the digital sovereignty of the citizens.

If the global orthodoxy prioritises efficiency and the new laws facilitate a "one-way mirror" of surveillance, where does that leave the Nigerian citizen? To answer this, we must pivot from economics to ethics. We need a moral framework that is grounded enough to say that even if a tax assessment is "legal" (in the sense that it was generated by a state-sanctioned algorithm) and even if it is "efficient" (in that it meets revenue targets), it might still be wrong. To build this framework for the Nigerian context, I propose synthesising

Onora O'Neill's communication ethics with the political philosophy of John Rawls and Philip Pettit. We often assume that the antidote to secrecy is "transparency." We think that if the Federal Inland Revenue Service (FIRS), or the new Nigeria Revenue Service (NRS), simply publishes the technical specs of the TaxPro Max algorithm, or dumps the raw data of the FIRS-France MoU online, they have done their duty. But Onora O'Neill, in A Philosopher Looks at Digital Communication, suggests this is a mistake. She argues that transparency can often be a "data dump," a way for institutions to cover their backs without actually communicating. Instead, O'Neill proposes a standard of "intelligibility." For her, communication is a transaction between moral agents. If the tax authority demands 30% of your income based on an automated flag, they are asking you to trust their calculation. But trust, O'Neill argues, requires that you can check their work. For her, "Communication that is not intelligible to its audience is not communication at all... To treat another as a moral equal, one must provide reasons that are accessible to them and assessable by them" [19]. When we apply this to the 2026 reforms, the danger becomes clear. An automated "Best of Judgment" assessment that relies on a proprietary risk score is not "assessable" by the average market trader in Alaba International Market. It treats the taxpayer not as a "subject of justice" who deserves reasons, but as an "object of administration", a data point to be harvested. We can deepen this by looking at John Rawls's concept of "Public Reason." In *Political Liberalism*, Rawls argues that in a democracy, the coercive power of the state must be justified by reasons that all citizens, as reasonable agents, can accept. He frames this legitimacy principle explicitly:

> Our exercise of political power is fully proper only when it is exercised in accordance with a constitution the essentials of which all citizens, as free and equal, may reasonably be expected to endorse in the light of principles and ideals acceptable to their common human reason... Liberal legitimacy requires that the reasons we offer for our political actions be sufficient to justify them to others [20].

When we apply this to the 2026 reforms, the danger becomes clear. If the NRS levies your bank account based on a "private" algorithm held by a French vendor or a "secret" clause in a Gazetted Act that differs from the public bill, it abandons the realm of public justification. The state is effectively saying, "You must pay because the machine says so". This violates Rawls's condition because a "black box" is not a principle that free and equal citizens can "reasonably be expected to endorse." It is a form of coercion that offers no public reason, only private calculation.

3.2 Pettit and the Fear of the "Glitch"

Perhaps the most potent critique comes from the "Republican" tradition of Philip Pettit. Unlike the liberal definition of freedom (which is just "non-interference"), Pettit defines freedom as "non-domination", that is, the condition of not being subject to the arbitrary will of another. I want to suggest that the new tax regime creates a structure of domination. Even if the NRS is benevolent in the sense that the algorithm only targets wealthy evaders 99% of the time, the citizen is still dominated because they are subject to a power that could interfere at any moment without explanation. According to Pettit [21],

> To enjoy non-domination is to be in a position where no one can interfere on an arbitrary basis with your choices... It is to be able to look others in the eye without reason for fear or deference... [It is] the absence of mastery by others, not merely the absence of interference. For one may be subject to the will of a master who is benevolent and non-interfering, but one is still a slave because one's freedom depends on the master's grace.

Under the new regime, the Nigerian taxpayer lives by the "grace" of the system. This theoretical fear of "arbitrary will" ceased to be abstract on the floor of the National Assembly on Wednesday, December 17, 2025. It was given a face and a voice by Hon. Abdussamad Dasuki (Kebbe/Tambuwal Federal Constituency, Sokoto). In a move that stunned political observers, Hon. Dasuki raised a "Point of Privilege" to alert the nation that the tax laws currently being gazetted by the Executive were materially different from

the bills actually passed by the House. Dasuki stated, in summary, that "what we passed is different from what is being gazetted," explicitly alleging that hidden clauses (potentially regarding harsher enforcement powers or currency computations) had been smuggled into the text after the gavel had fallen.

Dasuki's intervention is a textbook example of what Pettit means by domination. If the "Executive Editor" can unilaterally alter the law after the democratic vote, then the law is no longer a fixed contract; it is an arbitrary instrument. The citizen is subject to a "Phantom Law", a rule that shifts based on the whim of the administrator, not the will of the legislature.

This legislative domination is then compounded by technological domination. Americo Bevacqua warns that this creates a "double bind." Just as the lawmaker cannot trust the Gazette, the tax officer cannot question the computer. Bevacqua identifies this as "automation bias," warning that,

Tax administrators may fall victim to automation bias, the tendency for humans to favour suggestions from automated decision-making systems and to ignore contradictory information made without automation, effectively abdicating their decision-making responsibility to the machine. In this environment, the right to appeal becomes theoretical, as the human arbiter assumes the computer is infallible.

If the NRS officer trusts the French algorithm more than your explanation, suffering from the bias Bevacqua describes, and enforces a law that Hon. Dasuki claims was never passed, you are subject to the "arbitrary will" of both the code and the statute. You are not free in the Pettit sense; you will be considered lucky until the glitch finds you.

4. The "Phantom Law": When Legislation Itself Becomes a Black Box

The philosophical concern about "arbitrary power" ceases to be abstract when we look at the specific, explosive developments in the Nigerian National Assembly. The recent "Point of Privilege" raised by Rep. Abdussamad Dasuki (Sokoto) and others, claiming that the tax laws gazetted by the executive differ materially from what was passed on the floor, demonstrates that the "Black Box" is no longer just about software; it is about the statute itself.

4.1 The "Trojan Horse" of Fiscal Power

Hon. Dasuki's allegation that clauses regarding "garnishing without court order" or "compulsory USD computation" were inserted after the democratic vote suggests a terrifying evolution in governance. We are witnessing the birth of a "Phantom Law." This is a legal text that exists in the Gazette but was never born in Parliament. This manoeuvre validates the fears expressed by Pasquale regarding the "Black Box Society." Pasquale argues that opacity is often a strategy to dodge accountability. By creating a "Trojan Horse" bill (passing a benign "reform" (the horse) but smuggling in "repression" (the soldiers) inside the final text) the Executive has arguably committed a fraud on the constitution.

If the law authorising the AI audit was itself "forged," then the AI is the fruit of a poisonous tree. The "efficiency" of the new collection system is built on a constitutional lie. A tax demand based on a clause that Hon. Dasuki never voted for is not taxation; it is, arguably, state-sanctioned extortion. This renders the entire tax regime illegitimate under Rawls's *Public Reason* because the "reason" (the debate on the floor) does not match the "coercion" (the enforcement of the hidden clauses).

4.2 The "Hidden Contract" and Hermeneutical Injustice

This situation is compounded by a specific form of epistemic violence. When the rules of engagement (in this case, the audit logic) are hidden in a diplomatic pouch between Abuja and Paris, the citizen is not just financially liable; they are cognitively disempowered. This brings us to the concept of "Hermeneutical Injustice," developed by Miranda Fricker. Fricker argues that justice is not just about who gets what (distributive), but about who understands what (epistemic). She defines this specific injustice as occurring when a person is left without the tools to make sense of their own treatment.

Hermeneutical injustice is the injustice of having some significant area of one's social experience obscured from collective understanding owing to a structural identity prejudice in the collective hermeneutical resource... It is the injustice of being misunderstood, or of having one's experience fall into a lacuna in the collective understanding, because the tools to interpret that experience are missing.

Consider the position of the Nigerian taxpayer under the new FIRS-France deal in light of this definition. The "collective hermeneutical resource", which is the shared pool of knowledge we use to interpret tax law, now has a hole in it. The specific terms of the agreement, the technical parameters of the French AI, and the logic used to flag "high-risk" accounts are missing from the public domain.

When a trader in Alaba is flagged by the system, she is experiencing a "lacuna." She knows she is being punished, but she lacks the "interpretive tools" (the access to the code or the treaty) to challenge the machine's definition of her business. She is effectively told, "The French system says you owe this much," and that is the end of the conversation. She is trapped in a state of unintelligibility, judged by a masquerade that speaks a foreign language, with no translator in sight. This confirms Fricker's fear: the structural prejudice here is the state's assumption that foreign technical "expertise" matters more than the citizen's right to understand their own fiscal reality.

To explain this to a layperson, I would use the analogy of "Edited Wedding Vows." Consider a groom who recites his vows at the altar, promising to 'love and cherish.' But when the marriage certificate arrives in the mail weeks later, it includes a new clause: '...and give her 80% of your salary.' The groom protests, 'I never said that!' but the Registrar points to the official stamp and says, 'It is Gazetted.' The claim by the House members suggests Nigerian taxpayers are the groom. We celebrated a wedding (the passage of the bills) based on one set of vows, but we are being forced to live by a marriage contract (the Gazette) that contains burdens we never accepted. This is not a marriage of citizens and state; it is a fraud [22].

5. The Global South Perspective: The "French" Black Box

Most of the Western literature on algorithmic harm assumes citizens are fighting their own governments. But for a country like Nigeria, the dynamic is uniquely complex. Here, the "black box" is often an import. This brings us to the specific, and arguably troubling, controversy of the recent technical partnership between the Nigerian tax authorities and the French government (DGFiP).

5.1 Importing a "French Gaze": Digital Colonialism in Practice

Abeba Birhane and Michael Kwet pioneered the critique of "Algorithmic Colonialism." They argue that when African nations adopt Western AI systems for governance, they are not just importing technology; they are importing values, biases, and social classifications "grown" in the West. Michael Kwet (2019), in his analysis of the US technology empire, defines this phenomenon with striking clarity. He describes it as a structural continuation of imperial history;

Digital colonialism is the use of digital technology for political, economic and social domination of another nation or territory... Instead of the old-fashioned colonial method of military conquest and direct political rule, the new empire operates through the control of the digital ecosystem. By owning the software, the platforms, and the data, the foreign power can extract value and impose control without the need for physical occupation.

The FIRS-France MoU, which aims to deploy AI for auditing, risks becoming a textbook example of this extraction. If the algorithms used to judge Nigerian businesses are trained on French or OECD economic data, they may fundamentally misunderstand the local economy.

Abeba Birhane warns that this mismatch is not accidental; it is an imposition of a specific worldview. In *Algorithmic Colonisation of Africa*, she argues that the "efficiency" of these systems often masks a deeper cultural aggression:

We are seeing a new form of colonisation... The West imposes its own values and norms - what it considers to be 'rational' economic behaviour - hidden behind the veneer of objective 'science' and 'progress.' When these systems are deployed in Africa, they do not just observe the local reality; they attempt to reshape it to fit the Western model. The algorithm becomes a tool for enforcing a specific normative order, dismissing indigenous modes of existence as 'inefficient' or 'deviant' .

By automating the audit process using these foreign tools, we risk imposing a "French gaze" on Nigerian trade. The "black box" becomes doubly opaque: it is technically unintelligible because it is AI, but it is also *culturally* unintelligible because it relies on foreign social logic.

5.2 The "Subaltern" Taxpayer and Cultural Erasure

This imposition leads to what Raziyeh Qadri describe as "cultural erasure" in AI systems. In their critique of how non-Western data is processed, they argue that AI systems often flatten complex local realities into binary categories that fit Western databases. They state:

AI systems often function as engines of cultural erasure, flattening the rich, contextual realities of non-Western societies into binary data points that fit the schema of the developer, not the user. When a system designed in the Global North encounters a behaviour it does not recognise, such as communal asset sharing or informal credit networks, it does not learn; it rejects. It classifies the behaviour as an anomaly or a risk, effectively erasing the cultural logic that produced it [23].

This brings us to the famous question posed by Gayatri Spivak in her seminal essay *Can the Subaltern Speak?* Spivak's concern was that the oppressed (the subaltern) are often rendered voiceless because the dominant discourse does not contain the vocabulary to hear them. "The subaltern cannot speak. There is no virtue in global laundry lists with 'woman' as a pious item. Representation has not withered away. The female intellectual as intellectual has a circumscribed task which she must not disown with a flourish".

In the context of the 2026 tax regime, the "subaltern" (the market woman in Onitsha or the cattle trader in Kano) cannot speak because the language of the tax assessment has shifted from human dialogue to machine code. If the machine flags her *Esusu* payout as "taxable profit," she has no way to explain the cultural context to the software. She is silenced by the code, confirming Spivak's fear that the structures of power (now digital) have no space for the voice of the marginalised.

5.3 Sovereignty and the Data Colony

Finally, we must ask: where does the data go? Marcos Freitas, in *Digital Sovereignty and Data Colonialism*, argues that the loss of control over national data is the defining crisis of modern statehood. He warns that technical partnerships often disguise a loss of sovereignty:

Digital sovereignty is the new frontier of national independence. A state that cannot audit its own algorithms or control where its citizens' data is stored is a state in name only. Without control over the data infrastructure, the state becomes a vassal to the technology provider. The partnership becomes a mechanism for 'data extraction,' where the behavioural surplus of the population is harvested to refine the AI models of the foreign power, leaving the source nation dependent and depleted.

By feeding the financial lifeblood of the Nigerian economy into European servers to "optimise" the algorithms, we are effectively becoming the "vassal" Freitas describes. We are trading long-term digital sovereignty for short-term revenue gains.

Furthermore, Shrivastava, in *Digital Colonialism and Data Sovereignty*, argues that the loss of control over national data constitutes the defining crisis of modern statehood for the Global South. Shrivastava warns that technical partnerships often function as a "Trojan Horse" for a new model of extraction.

True sovereignty in the twenty-first century is not merely territorial; it is computational. When nations in the Global South export their raw data to be processed by

the proprietary algorithms of the Global North, they enter a cycle of dependency that is structurally identical to the colonial extraction of natural resources. We send them the raw material of our citizens' economic behaviour; they refine it and sell it back to us as 'intelligence.' The danger is that the more we rely on their systems to manage our state functions, the more their systems improve, and the less capable we become of building indigenous alternatives. We are effectively trading long-term digital sovereignty for short-term administrative efficiency [24].

This passage reframes the FIRS-France deal not as a purchase of services, but as a surrender of capacity. By feeding the financial lifeblood of the Nigerian economy into European servers to "optimise" the algorithms, we are participating in the cycle Shrivastava describes. We are exporting the "behavioural surplus" of our citizens, allowing a foreign power to understand our economy better than we understand it ourselves. This creates a "data colony" where the Nigerian state becomes a mere client to the technology provider, unable to function without the continuous support of the "master" algorithm. It is a modern version of the old colonial resource extraction, but instead of palm oil, we are exporting the "behavioural surplus" of our citizens.

6. The Legal Landscape: The Illusion of a Remedy

Going by what has been established so far, this "thick" moral duty for intelligibility backed by the likes of Rawls, Pettit, and O'Neill, surely, the law provides some kind of remedy? This is where things get a bit confusing. In the European Union, the General Data Protection Regulation (GDPR) is a comprehensive data privacy and security law enacted by the European Union (EU). It came into effect on May 25, 2018, and is widely considered the toughest privacy and security law in the world, yet scholars have shown that it offers far less protection than we assume.

Sandra Wachter, Brent Mittelstadt, and Luciano Floridi, in their landmark analysis of the GDPR, argue that the much-touted "right to explanation" is largely an illusion. They suggest that the law prioritises the efficient flow of data over the meaningful understanding of the subject. In *Why a Right to Explanation Does Not Exist*, they write:

We find that there is no general right to explanation of automated decision-making in the GDPR... The Regulation appears to offer a 'right to be informed' about the existence of automated decision-making, rather than a right to an *ex post* explanation of the rationale of a specific decision. This distinction is critical: knowing *that* a machine decided your fate is vastly different from knowing *why* it did so. Without a legally binding requirement to reveal the specific logic of the algorithm, the data subject is left with a 'transparency' that is purely nominal, lacking the depth required to contest the outcome.

In the context of the Nigerian 2026 reforms, this distinction is fatal. If the new Tax Acts only require the NRS to inform taxpayers that TaxPro Max is being used (the existence of the system), but not how it calculates a specific liability (the rationale), then the law has failed to protect the citizen from arbitrary power.

This legal gap is even more dangerous when transposed to the Nigerian judicial context. Abiodun Hassan, in *Rethinking Automation of Tax Administration in Nigeria*, warns that the introduction of automated assessments fundamentally alters the burden of proof in tax disputes. He argues that the courts often treat the computer's output as objectively true, placing an impossible burden on the taxpayer to disprove it. Hassan states:

The presumption of regularity that attaches to automated assessments places an onerous and often insurmountable burden on the taxpayer. In the absence of a statutory right to access the underlying code or audit trail, the taxpayer is effectively asked to disprove a 'black box.' The tribunal is presented with a definitive figure generated by 'the system,' while the taxpayer is armed only with manual records. In this unequal contest, the opacity of the automated system serves as a shield for the Revenue Service, effectively reversing the presumption of innocence and turning the tax appeal process into a rubber-stamping of the algorithm’s verdict.

This confirms the fear that the legal system is not equipped to handle "algorithmic evidence." If the courts cannot compel the NRS to open the black box, then the judiciary becomes an unwitting accomplice to the domination described by Pettit.

We must, however, confront the strongest argument against these concerns. This is the Utilitarian Defence, often articulated by tax administrators themselves. Michael D'Ascenzo, the former Australian Commissioner of Taxation, argues in Global Trends in Tax Administration that the shift to automation is not a choice but a survival imperative for modern states. He writes:

Tax administrations are under increasing pressure to 'do more with less' - to secure revenue bases that are becoming more mobile, more digital, and more opaque. In this environment, the traditional models of manual audit and voluntary compliance are simply no longer fit for purpose. The shift towards real-time data ingestion and automated risk profiling is the only viable path to fiscal sustainability. While concerns about privacy and transparency are valid, they must be weighed against the existential necessity of funding the state. Ultimately, a tax system that is perfectly transparent but fiscally porous serves no one.

As seductive as this argument is, it rests on a category error. It confuses the efficiency of a machine with the legitimacy of a government. In medicine, we might accept an opaque "black box" algorithm to detect cancer because saving the body is the ultimate goal. But in politics, the "body" we are saving is the community of free citizens. If we save the state treasury by destroying the status of the citizen as a free agent, that is, by treating them as a "data point to be processed" rather than a "subject to be reasoned with", we have not saved the country. As Rawls (1993) argued, legitimacy depends on public reason. If the state extracts wealth based on a calculation that cannot be explained, it has prioritised "fiscal hygiene" over "justice".

7. Pathways Forward: From Critique to Construction

If the "black box" of 2026 is ethically broken, how do we fix it? It is one thing to demand "intelligibility" in the abstract; it is yet another to build it into policy. To move from critique to construction, I propose three specific pathways that go beyond the usual "transparency" buzzwords.

First, we cannot rely on the NRS to police its own algorithms, nor can we rely on the secret assurances of the French DGFiP. We need a new class of professionals: "Algorithmic Tax Auditors". Drawing on the work of Raji and Buolamwini, who demonstrated the power of "actionable auditing" in exposing bias in commercial AI products, I propose that the Nigerian government must mandate "sovereign code reviews". They argue that internal checks are never enough because institutions rarely fix problems until they are forced to by external scrutiny. In *Actionable Auditing*, they write:

We propose that the ability to publicly name and shame acts as a lever for corporate accountability... Our results show that targets of the audit responded by improving their models, whereas non-targets did not. This suggests that external scrutiny is a necessary component of algorithmic governance. Without the pressure of public, actionable auditing that identifies specific failures in the system, institutions are unlikely to prioritise the 'unprofitable' work of fairness. Therefore, auditing must move beyond internal compliance to become an external, adversarial practice that holds power to account.

This logic must be applied to the Nigerian tax administration. Before *TaxPro Max* or any French-developed audit tool is deployed on the live economy, it should be subjected to the kind of "adversarial" stress tests Raji and Buolamwini describe. Independent Nigerian experts (perhaps drawn from the relevant bodies in Nigeria, including academia) must be empowered to simulate the financial patterns of a typical market woman or a pastoralist. If the system unfairly flags them as "high risk," these auditors must have the statutory power to "name and shame" the defect before the software goes live. This creates a layer of "indirect intelligibility". I may not understand the code, but I can trust the "stamp

of approval" from an independent Nigerian expert who certifies that the masquerade is dancing to a fair drum.

Second, we need to democratise the definition of "suspicious activity." Currently, the logic of what constitutes tax evasion is defined top-down by technocrats in Abuja or Paris, leading to the "cultural erasure" of local economic norms. To counter this, we should move towards what Groves call "Participatory AI." In their critical review of the field, they argue that most so-called "participatory" projects are merely "extractive" (using local people to label data without giving them power). Instead, they argue for a fundamental shift in the design philosophy. They write:

We identify a pervasive tendency for participatory methods to be used instrumentally - to increase user acceptance or improve system accuracy - rather than substantively to empower communities. True participation requires a move beyond 'consultation' to 'co-design,' where the values embedded in the system are negotiated with, rather than imposed upon, the affected populations. This means that the 'subjects' of the AI must have the agency to define the problem itself, rather than merely validating the solution. Without this structural shift in power, participatory AI risks becoming a mechanism for 'ethics washing,' lending a veneer of legitimacy to systems that remain fundamentally coercive.

In the Nigerian context, applying this "co-design" framework means involving the "subaltern" economies in the actual architecture of the tax software. Why not have the leadership of the Alaba International Market Union or the Kano Dawanau Market Association sit with the software developers? They could explain: "In our trade, a transfer of ₦50 million on a Sunday is not laundering; it is how we settle the container bill collectively." By feeding this local knowledge into the system before it goes live, we respect the "structural shift in power" demanded by Groves et al. We move from a model of extraction (harvesting their data) to a model of negotiation (respecting their reality), ensuring the system serves the community rather than policing it.

Finally, we must reform the Tax Appeal Tribunals. Currently, a taxpayer facing an algorithmic assessment suffers from a distinct epistemic disadvantage. Even if they have valid grounds to object, their arguments are often drowned out by the perceived "objectivity" of the automated system. This is a classic instance of what Patrick Bondy identifies as "argumentative injustice". Bondy distinguishes this from Fricker's "testimonial injustice" (which is about not being believed). He argues that argumentative injustice is about not being engaged with. In his defining work on the subject, he writes:

Argumentative injustice occurs when a speaker's argument is given less credibility than it deserves, owing to a prejudice regarding the social identity of the speaker... It is a failure to treat the other as a reasonable agent. When we commit this injustice, we do not merely ignore a piece of information; we degrade the arguer's standing in the space of reasons. We effectively say that *their* reasoning does not count as reasoning, rendering their participation in the dialogue futile regardless of the strength of their logic.

In a Nigerian tax tribunal, the "prejudice" Bondy speaks of is structural. The "social identity" of the manual, analogue taxpayer is viewed as inherently less credible than the "digital identity" of the French-backed algorithm. To counter this, we need to equip the courts with "Algorithmic Amicus Curiae" - meaning, technical friends of the court who can translate the black box's logic for the judge. The law must state that if the NRS cannot explain why the algorithm flagged a taxpayer in plain English, the assessment is void. This restores the "Right to Justification" as a legal, not just moral, duty.

And, of course, we must solve the crisis of the "Phantom Law". We need a mechanism for "Legislative Forensics." Before any tax enforcement action can be taken based on the new Acts, there must be a public, transparent reconciliation between the Votes and Proceedings of the National Assembly and the Federal Gazette. We cannot allow the "Executive Editor" to rewrite the social contract in the dark. A "Right to Authenticity" must precede the "Right to Explanation."

4. Conclusion

As we rush to integrate AI and automated compliance into the Nigerian tax system, we are making a profound trade-off that we have not fully acknowledged. We are trading the "right to understand" for the promise of revenue. We are accepting systems that might get the numbers right, even if they cannot tell us why those numbers are right. This article has tried to argue that this is a trade we cannot afford to make. Through the lens of O'Neill and Pettit, we see that an unintelligible tax system, whether hidden in a "black box" algorithm or a "doctored" Gazette, subjects the citizen to domination. It treats the moral agent as an "object of administration". Furthermore, the controversy over the FIRS-France deal suggests that this opacity also threatens our sovereignty. By importing foreign auditing logic, we risk a form of "digital colonialism" where Nigerian economic life is judged by a "French gaze". And the allegations by the House of Assembly suggest that the law itself has become a "Phantom", a mutable text that shifts between the vote and the printer.

Ultimately, the January 2026 deadline should not just be a date for "going live" with new software. It should be a deadline for "going public" with the truth. We must demand that the code be audited, the treaties be published, and the laws be authenticated. Without this, we are not building a modern tax system; we are merely opening a "Phantom Ledger" - powerful, efficient, and completely silent. And in that silence, we cease to be citizens; we become mere yield.

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