An identified challenge within the Nigerian third sector space is that most Non Profit Organizations (NPOs) are not widely familiar with the laws that govern the sector including government institutions in charge of these laws. Being conscious of these laws and governing bodies will enable NPOs know how and where to address various issues, ranging from registration, auditing, filing annual returns, and tax payment if necessary.

It is important to note that the legal, regulatory, and policy environments in which Nigerian NPOs operate shape their ability to obtain legal status, access resources, deliver services, and engage in advocacy.

The five governmental bodies which have the statutory authority to supervise Nigerian NPOs include the CAC, FIRS, SCUML, NPC and FRC. The main legal instrument governing NPOs in Nigeria; the Companies and Allied Matters Act (CAMA) establishes the Corporate Affairs Commission (CAC), which is charged with responsibility of registering and regulating NPOs. Part C of CAMA specifically addresses the registration of NPOs as associations with incorporated trustees.

Also governing NPOs is the Companies Income Tax Amendment Act (CITA) which is overseen by the Federal Inland Revenue Service. CITA is a direct tax, levied on the profits of companies in Nigeria.

NPOs pay VAT on goods and services consumed, except those purchased exclusively for donor funded humanitarian projects or activities, which are zero rated under the Value-Added Tax Act, as amended. Thus while NPOs are exempted from paying taxes on income derived from their primary registered activities, they are liable for income tax on their commercial activities, such as a business or trade.

The Value-Added Tax (amendment) Act provides a framework for the imposition of Value-Added Tax on certain goods and services and provides for the administration of the tax and related matters. The Taxes and Levies (approved list for collection) degree establish a list of taxes, levies, and fees collectible by the various tiers of government in Nigeria.

The Personal Income Tax Act establishes a legal framework for income tax on individuals, communities, families, and executors and trustees, and provides for assessment, collection, and administration of the tax.

The Money Laundering Prohibition Act as amended enhances the scope of money laundering offences and customer due-diligence measures. This act is overseen by Special Control Unit against Money Laundering (SCUML).

The National Planning Commission seeks to determine and advise on policies that will best promote national unity and sustain the Nigerian nation.

The Financial Reporting Council is the body responsible for the enforcement of the Code of Corporate Governance within the third sector. The code is a document defining the minimum standard of conduct expected of public companies with listed securities; it includes principles and practices of corporate governance applicable in Nigeria and all NPOs are expected to either comply or justify non-compliance.