

What the 2026 Nigerian Tax Reforms Mean for Businesses: Reforms and Impact

1. Introduction

On June 26, 2025, President Bola Ahmed Tinubu signed four (4) Tax Reform Bills into law¹. These bills include: the Nigeria Tax Bill, the Nigeria Tax Administration Bill, the Nigeria Revenue Service (Establishment) Bill, and the Joint Revenue Board of Nigeria (Establishment) Bill, now known as the Nigeria Tax Act (NTA), the Nigeria Tax Administration Act (NTAA), the Nigeria Revenue Service (Establishment) Act (NRSA), and the Joint Revenue Board of Nigeria (Establishment) Act (JRBA) respectively.

From all indications, these tax reforms are not just another compliance update. They represent a significant shift in how businesses are expected to align with fiscal responsibility.² These reforms apply to any person required to comply with any provision of the tax laws, whether personally or in a representative position. This article discusses the key reforms and their impact across different businesses.

2. Summary of Key Reforms

2.1 Company Income Tax and Development Levy: Medium and large companies will continue to be taxed at 30%, with a new 4% Development Levy now imposed on assessable profits. Small companies and non-resident entities are exempt³.

2.2 Personal Income Tax (PIT): Significant relief is granted to staff. Those earning up to ₦800,000 annually are now taxed at 0%. The tax rates scale upward progressively⁴:

- ₦800,001 to ₦2,200,000: 15%
- ₦2,200,001 to ₦9,000,000: 18%
- ₦9,000,001 to ₦13,000,000: 21%
- ₦13,000,001 to ₦25,000,000: 23%

2.3 Capital Gains Tax (CGT):

- a. Expanded to include all forms of property, both tangible and intangible, including securities and digital assets⁵.

¹ See Stephen Angbulu “Tinubu signs tax reform bills into law” Punch Newspaper (June 26, 2025) available at <https://punchng.com/breaking-tinubu-signs-tax-reform-bills-into-law/> accessed on August 21, 2025.

² See “The Nigerian Tax Reform Acts: Top 20 changes to know and top 10 things to do” PwC Nigeria (June 27, 2025) available at <https://www.pwc.com/ng/en/publications/the-nigerian-tax-reform-acts.html> accessed on August 20, 2025.

³ Section 59(1) Nigeria Tax Act 2025.

⁴ Fourth Schedule (Section 58) Nigeria Tax Act 2025.

⁵ Section 34(1)(a) Nigeria Tax Act 2025.



- b. CGT is only triggered on profits over ₦150 million (corporate entities) or ₦10 million (individuals) in any 12 months⁶.
- c. Exemptions apply to government securities, unit trust gains, and some startup-related investments.
- d. Where profits are reinvested in acquiring shares of Nigerian companies within the same year, the CGT is deferred proportionally.

2.4 Establishment of the Nigeria Revenue Service (NRS): The NRS was established by the NRSA. By this establishment, the NRS replaces the Federal Inland Revenue Service (FIRS)⁷ and is now responsible for tax collection at the federal level, while the administration of taxes at the state and local levels maintains the status quo. However, the NRSA provides that the NRS may assist in the administration or collection of tax, upon request by the Federal Capital Territory, any State of the Federation, or a Local Government. This reduces duplication and strengthens central oversight.

The NRS performs all functions previously carried out by the FIRS. In addition, it is empowered to administer and oversee all federal taxes and levies, with authority to query, subpoena, sanction, or reward activities relating to tax assessment, collection, and accounting⁸. The NRS may also provide or receive international assistance in tax collection and administration pursuant to agreements between Nigeria and other countries or entities⁹.

2.5 Establishment of the Joint Revenue Board (JRB), the Tax Appeal Tribunal (Tribunal), and the Office of the Tax Ombud: The JRB, the Tribunal, and the Office of the Tax Ombud were established by the JRBA¹⁰. These bodies were established to exercise the jurisdiction and powers to settle any tax dispute and controversy arising from the administration of the JRBA or any other tax laws, to prevent abuse by tax authorities and agencies, and to serve as an independent and impartial arbiter to review and resolve complaints relating to tax, levy, regulatory fee and charges, customs, duty, or excise matters¹¹.

3. Impact on various businesses

3.1 Investment banking: An investment banking company advises clients on mergers & acquisitions (M&A), capital raising, and valuations. The new reforms will affect investment banking operations in the following manner;

- a. **CGT Exemptions:** The new tax laws posit that gains from disposals by angel investors, private equity, and venture capital funds in eligible startups held for over 24 months may be exempt from taxation¹².

⁶ Section 34(1)(a)(i) Nigeria Tax Act 2025.

⁷ Section 40(1) National Revenue Service (Establishment) Act 2025.

⁸ Section 4 (1)(t) National Revenue Service (Establishment) Act 2025.

⁹ Section 4 (1)(u) National Revenue Service (Establishment) Act 2025.

¹⁰ Sections 3(1), 23(1), and 36(1) of the Joint Revenue Board of Nigeria (Establishment) Act 2025.

¹¹ Sections 5, 6, 23(1), and 41(1) of the Joint Revenue Board of Nigeria (Establishment) Act 2025.

¹² Section 163(1)(m) Nigeria Tax Act 2025.



- b. **Valuation for Tax:** Under the new rules, market value, not necessarily book value, is the basis for determining capital gains.
 - c. **M&A Structures:** Where securities are exchanged without cash in M&A transactions, the transaction may still be CGT-exempt, but must be properly structured¹³.
- 3.2 Asset management:** An asset management firm that handles institutional mandates, including real estate, infrastructure, and securities, must take a cursory look at these new regulations as;
- a. **CGT:** Gains from disposing of client assets, particularly real property and physical infrastructure, must now consider location-based rules, as the new rules prescribe CGT whether the asset is based in Nigeria or outside Nigeria, once they are disposed of and brought into Nigeria, CGT applies¹⁴.
 - b. **New Definitions:** Broader definitions of chargeable assets to include financial, foreign, digital, and intellectual property as assets, which means management and reporting obligations will increase.
- 3.3 Securities trading:** A securities firm involved in equities, derivatives, and debt instruments trading will be impacted by the following aspects of the new laws;
- a. **Market Value Benchmarking:** Securities will be taxed based on market value at disposal, not necessarily purchase cost.
 - b. **Securities CGT Thresholds:** CGT is triggered only if annual gains exceed ₦150 million for corporate companies or the gain exceeds ₦10 million in any 12 months for an individual¹⁵. Furthermore, the new laws provide exceptions for certain securities to be charged for CGT. Such securities include: Government-issued securities, unit trust gains, gains from takeovers, M&A, and there is also reinvestment relief to an extent.
- 3.4 Trusteeship:** A company that acts as trustee or an executor or a combination of both, in a variety of trust structures, private, public, corporate, halal, and employee benefit trusts, should take cognisance of the following reforms in the new regulations:
- a. **Taxable Income:** Income of trusts and estates is now taxable in the hands of trustees, settlors, or beneficiaries, depending on structure and discretion¹⁶.
 - b. **CGT on Trust Assets:** Gains on trust assets are now taxable unless the trust qualifies under charitable or religious exemptions¹⁷.

¹³ Section 190(1)(a)(ii) Nigeria Tax Act 2025.

¹⁴ See Olubunmi Abayomi-Olunkunle and Adekunle Adewale “New Capital Gains Tax Rules: Impact on Private Funds” Mondaq (June 27, 2025) available at <https://www.mondaq.com/nigeria/tax-authorities/1643146/new-capital-gains-tax-rules-impact-on-private-funds> accessed on August 25, 2025.

¹⁵ Section 34(1)(a) Nigeria Tax Act 2025.

¹⁶ Section 3(c) Nigeria Tax Act 2025.

¹⁷ Section 55 Nigeria Tax Act 2025.



- c. Trustees are obligated to ensure the trust is tax-compliant, including Tax Identification Number (TIN) registration.
- d. Trusts or transfers to trusts that are deemed to be tax avoidance mechanisms could be invalidated.
- e. **Collective Investment Schemes:** Trustees of mutual funds are treated as companies for tax purposes. Distributions to unit holders are taxed as dividends¹⁸.
- f. **Cross-Border Structures:** Offshore trust income brought into Nigeria is now taxable.
- g. **Outsourced Reporting:** Some companies outsource tax filings; internal oversight must improve to meet NRS audit expectations.

3.5 Finance houses: A company that offers asset finance, collateral-backed loans, and travel support credit, etc., should be watchful as the new tax regulation provides the following innovations which affect lending:

- a. **Disposal of Collateral:** When collateral is sold to recover loans, CGT applies based on market value, even if sold at a discount¹⁹.
- b. **Foreign Loans:** Facilities denominated in foreign currency are now clearly covered under new tax rules. Care must be taken in how gains/losses are reported. Where facilities are repaid when FX has appreciated, the exchange difference may be considered a taxable gain. In addition, if a collateral asset is located abroad, it becomes taxable in Nigeria, regardless of when the loan was granted²⁰.
- c. **Staff Loans:** Adjusted PIT rules may influence affordability and take-up of salary-backed loans.

3.6 Real estate: A real estate company that manages, rents, or sells residential estates, buildings, or land across the federation and other services, which may include but are not limited to facility management services to its clients, should note the following:

- a. **Capital Gains Tax (CGT):** Disposals of land, buildings, and leasehold interests are now fully taxable on market value at disposal. This directly affects residential estate sales²¹.
- b. **Rental Income:** Rental proceeds from both short-term and long-term leases are expressly taxable, with withholding tax obligations applying at source.

¹⁸ Section 63(1) Nigeria Tax Act 2025.

¹⁹ Section 36(8) Nigeria Tax Act 2025.

²⁰ See Adewale Ajayi "The Nigerian Tax (NTA) 2025" KPMG Nigeria, available at [https://assets.kpmg.com/content/dam/kpmg/ng/pdf/2025/06/The%20Nigeria%20Tax%20Act%20\(NTA\),%202025.pdf](https://assets.kpmg.com/content/dam/kpmg/ng/pdf/2025/06/The%20Nigeria%20Tax%20Act%20(NTA),%202025.pdf) accessed on August 20, 2025.

²¹ Section 34(1) Nigeria Tax Act 2025.



- c. **Facility Management Services:** Facility management and service charges are VATable, requiring fiscalisation and strict VAT compliance²².
- d. **Compliance and Oversight:** With centralised reporting under the Nigeria Revenue Service (NRS), real estate companies must register and file using TIN across their multi-state operations, subject to NRS audits.

4. Recommendations and Considerations

- a. **For Executives and Management:** Review business structures, especially M&A deals, asset disposals, and investment exits for CGT exposure. Ensure updated payroll systems reflect PIT changes. Consider restructuring SPVs or offshore holdings to align with clearer location-based tax triggers.
- b. **For Team Leads and Division Heads:** Work closely with Legal and Compliance to review deal structures. Ensure all client transactions, especially disposals or exits, are reviewed for tax impact. Develop internal templates/checklists for tax considerations.
- c. **For Staff:** Review personal income brackets to understand likely PIT impact. Reach out to HR or Legal for clarification on tax relief or allowances.

5. Conclusion

As Nigeria transitions into 2026 under the evolving tax and regulatory landscape, it is clear that the recent reforms represent more than isolated adjustments to existing law. They reflect a broader shift in the fiscal environment, one that requires deliberate alignment between tax policy, corporate structuring, and regulatory compliance.

This article has outlined the key areas of impact, but it should be regarded as the foundation for ongoing dialogue and strategic planning within each business line. The implications extend beyond routine compliance; they touch on capital allocation, product design, transaction structuring, and even the way we engage with clients and regulators. From lending to trusteeship, to securities, to real estate, to asset management, to investment banking, businesses must now consider how these reforms influence both operational efficiency and long-term competitiveness.

Our responsibility, therefore, is to ensure that regulation is not treated merely as an external constraint but as an integral factor in corporate strategy. By anticipating the demands of compliance, embedding tax considerations into decision-making, and maintaining a proactive relationship with regulators.

In summary, the reforms provide an impetus for these institutions to rethink their structure, policies, and sharpen their governance, and reinforce their commitment to transparency and accountability. The months ahead should not be viewed solely as a compliance exercise, but an opportunity for each institution in financial services to have an opportunity to adapt, innovate, and position itself for sustainable growth in a more regulated future.

²² Section 146 (b) (i) (ii) Nigeria Tax Act 2025.



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