

Understanding The New Tax Regime For Virtual Assets in Nigeria



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Nigeria's prolonged uncertainty around the taxation of cryptocurrencies and other digital assets has finally come to an end. The Nigeria Revenue Service has provided new detailed guidelines bringing Bitcoin, stablecoins, NFTs and similar assets under the country's formal tax framework.

These guidelines are aimed at a large audience including individual investors, Virtual Asset Service Providers, Peer to Peer marketplace operators and tax professionals operating within Nigeria's growing digital economy. Rather than introducing a completely new tax on crypto, the guidelines explain how taxes already established under the Nigeria Tax Act 2025 and the Nigeria Tax Administration Act 2025 apply to transactions involving digital assets. They also outline expectations around registration, adherence, record keeping and reporting requirements for those operating in this space.

Most importantly these rules and regulations do not bring in a brand new crypto tax. What they do is clarify how taxes that already exist under the Nigeria Tax Act 2025 and the Nigeria Tax Administration Act 2025 apply specifically to digital asset transactions. They also set out clear expectations around registration, reporting, record keeping and general observance.

The NRS has stated that these provisions align with both the Nigeria Tax Act and the Nigeria Tax Administration Act of 2025.

According to the agency, bringing out these rules and regulations is part of a bigger effort to bring greater clarity and consistency to how Nigeria's tax laws are applied, particularly as the country's online asset space continues to develop rapidly. The framework is also intended to encourage voluntary tax observance, improve transparency and support a fair and efficient system for taxing digital transactions. The NRS has urged all relevant taxpayers and stakeholders to get used to the rules and regulations and meet their tax responsibilities accordingly.

The Securities and Exchange Commission's Director General Emomotimi Agama has brought to light that over 90 billion dollars has moved through Nigeria's online asset ecosystem, yet not so much of the associated tax revenue has actually been captured by the government. Crypto analyst and investment strategist Gilbert Joe kpata described the rules and regulations as a wake up call for everyday traders who assumed tax authorities had little to no visibility into their transactions. In his words, for an industry that spent nearly a decade working in a grey area, this development shows real progress. The guidelines themselves break down which digital assets fall under the new rules, what taxes apply to them, how gains should be calculated and who bears responsibility for collecting these taxes.

WHAT COUNTS AS A VIRTUAL ASSET AND WHAT IS TAXABLE?

The rules and regulations split virtual assets into six categories. These are cryptocurrencies and exchange tokens such as Bitcoin and Ether, stablecoins like USDT and USDC, security tokens, utility and governance tokens, non fungible tokens commonly known as NFTs, and sovereign digital currencies such as the eNaira.

Each of these categories is taxed differently depending on what it does and how it functions. Cryptocurrencies and stablecoins are generally subject to income tax on any gains made, and stamp duty may also apply in certain cases. The eNaira is an exception and is not taxed because it is recognised as legal tender rather than a digital asset.

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WHAT TAXES ACTUALLY APPLY?

There is no single unified crypto tax in Nigeria. Instead the type of tax that applies depends entirely on the nature of the transaction involved. Income tax applies to any profits made from trading or selling digital assets. VAT only applies to service fees charged by exchanges or online asset service providers and does not apply to the crypto asset itself. Stamp duty comes into play when fiat currency is converted into digital tokens or when digital tokens are switched back into fiat.

One provision that has generated a lot of discussion is the 1.5 percent stamp duty that applies to fiat to token and token to fiat transactions. Rather than being paid separately in cash, this duty is deducted directly from the cryptocurrency being transferred. This means the buyer ends up receiving slightly fewer tokens than they paid for while the seller still receives the full agreed naira value.

Three common transaction scenarios are covered under these rules. When someone buys crypto using naira, the buyer is treated as the transferee and the online asset service provider takes out the stamp duty before crediting the wallet. When crypto is sold for naira, the buyer is still treated as the transferee so the deduction still comes from the tokens received.

For cross border business payments where a Nigerian company converts naira into digital tokens to pay an overseas supplier, the intermediary handles the deduction before sending the remaining balance abroad.

To make this clearer with a simple example: if an investor buys one Bitcoin worth one million naira, the exchange deducts the 1.5 percent stamp duty, leaving the buyer with 0.985 BTC while 0.015 BTC goes to the NRS. The seller still receives the full one million naira. If that investor later sells their 0.985 BTC for 1.97 million naira, the next buyer receives the tokens after another 1.5 percent deduction while the seller again receives the full agreed amount. So the seller always receives their full naira value regardless.

Ultimately what these guidelines achieve is not the creation of a new tax but rather the formal inclusion of online assets within Nigeria’s existing tax framework. For traders and investors the message is straightforward, crypto is no longer operating outside the reach of regulators and digital asset transactions are now subject to the same tax principles that apply across the rest of the economy.

Popoola-Taiwo LP

Popoola-Taiwo LP is a distinguished full-service commercial law firm based in Nigeria, with offices in Lagos and Abuja. We are renowned for delivering exceptional, client-focused legal solutions across a broad spectrum of practice areas. Our firm prides itself on its fast-growing portfolio in shipping and maritime law, alongside robust general commercial and cross-border advisory services. We are committed to empowering our clients by providing practical and innovative legal strategies, particularly at the intersection of maritime operations, finance, and law. Our approach is rooted in a deep understanding of the legal and commercial landscapes, enabling us to support clients in structuring complex transactions and navigating intricate regulatory frameworks.

Our Maritime & International Trade practice at Popoola-Taiwo LP is at the forefront of legal services within Nigeria's dynamic maritime sector. We offer comprehensive legal support covering all facets of shipping, admiralty, and international trade. This includes advising on ship finance, maritime insurance, cargo claims, vessel arrests, regulatory compliance, and dispute resolution. Our expertise extends to transactional matters such as ship acquisition and registration, as well as providing strategic counsel on port operations and logistics. We are dedicated to helping clients navigate the complexities of both domestic and international maritime law, ensuring compliance and facilitating seamless commercial operations in a rapidly evolving global environment.

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