

Know Your Taxes: The Tax Reforms And Your Statutory Filing Obligations

September 2025

A Simplified Guide
Effective from 1st January, 2026

Introduction

In our previous publications, we reviewed the provisions of the Tax Reforms Act, 2025, and did a deep analysis of the 4 tax laws introduced by virtue of these reforms.

These laws will take effect from 1st January, 2026, and will apply across board, to individuals, salaried employees, small business owners, digital freelancers, NGOs, non-resident companies, and multinational corporations. They are set to modernise how taxes are assessed, collected and enforced, bringing with them new rules, opportunities and responsibilities.

This Guide explains what the new tax regime means for you and helps you prepare to navigate it effectively.



For Individuals



TAX ID/TIN Registration	
WHAT IT COVERS	Legal identification for tax
WHO PAYS	All taxable persons including individuals, small businesses, Companies, and NGOs
DUE DATE	Before operation of a taxable activity
TAX AUTHORITY	NRS/JRB under the new tax regime
RATE	N/A
PENALTY	₦50,000.00 (First month), ₦25,000.00 (Every month after)

Personal Income Tax (PIT)/PAYE		
WHAT IT COVERS	Income from jobs, freelance, business, rent, side gigs etc.	
WHO PAYS	All individuals earning income (including salaried workers, self-employed, freelancers, sole proprietors, executors and trustees etc.) Minimum wage earners (₦800,000.00/year or less) are exempted from PIT but must file annual tax returns	
DUE DATE	PAYE returns by the employer should be remitted by the 10 th day of the month following payment of salaries, and 31 st January of each year for annual filings Individuals file annual returns by 31 st March of each year or 6 months after an financial year, for self-employed persons	
TAX AUTHORITY	SIRS for states residents NRS / FIRS (for FCT, armed forces, non-residents etc.) A Tax Clearance Certificate (TCC) is issued as proof of full tax compliance	
RATE	Below ₦800,000.00	0%
	₦800,001.00 to ₦3 Million	15%
	₦3,000,001.00 to ₦12 Million	18%
	₦12,000,001.00 to ₦25 Million	21%
	₦25,000,001.00 to ₦50 Million	23%
	Above ₦50 Million	25%
PENALTY	For the individual	₦100,000.00 (First month) ₦50,000.00 (Every month after)
	For the employer/company	10% of tax due + CBN prevailing interest rate
	Other consequences include: Tax evasion audits, automatic deductions from your bank account(s), seizure of property, and legal action	

Withholding Tax	
WHAT IT COVERS	WHT applies to both individuals and entities who receive income from specific transactions The payer (withholding agent) whether a company, government agency, or qualifying business is obligated to deduct and remit WHT to the relevant tax authority
WHO PAYS	Anyone who earned income on: <ul style="list-style-type: none"> • professional and consultancy services (e.g., legal, accounting, engineering, management) • contracts and agency/commission payments • rent (residential, commercial, leasehold) • dividends, interest, and royalties • construction services and technical agreements • surveys and supplies etcetera
DUE DATE	Monthly remittance - 21 st day of the month following the deduction Annual WHT reporting/filing - 31 st March of each year
TAX AUTHORITY	FIRS/SIRS
RATE	Rates vary between 2 - 10% of the income
PENALTY	10% penalty of the tax due + interest at the CBN's prevailing rate Enforcement action

Capital Gains Tax (CGT)	
WHAT IT COVERS	Capital Gains Tax (CGT) is a tax imposed on profits (gains) realised from the sale or disposal of chargeable assets such as land, buildings, shares, digital assets, like cryptocurrency, patent and intellectual property, foreign exchange gains, rights, debts, and incorporeal assets
WHO PAYS	Individuals with chargeable gains
DUE DATE	At the time of filing the CGT return for the transaction
TAX AUTHORITY	SIRS (based on residency)
RATE	Taxed at PIT rate *Please note that where you earned taxable income from abroad as a Nigerian resident, and same has already been taxed abroad, you are allowed to claim relief for taxes already paid on the same income in another country
PENALTY	Penalty + interest



For Companies



TAX ID/TIN Registration	
WHAT IT COVERS	Legal identification for tax
WHO PAYS	All taxable persons including individuals, small businesses, Companies, and NGOs
DUE DATE	Before operation of a taxable activity
TAX AUTHORITY	NRS/JRB under the new tax regime
RATE	N/A
PENALTY	₦50,000.00 (First month), ₦25,000.00 (Every month after)

Companies Income Tax (CIT)		
WHAT IT COVERS	Profits from a business	
WHO PAYS	All registered companies including foreign companies who derive income from Nigeria Small companies with turnover below ₦50 Million and assets not beyond ₦250 Million are exempted from CIT under the NTA	
DUE DATE	Within 18 months of incorporation or 6 months after the end of the first accounting period, whichever comes earlier Subsequently, within 6 months after the end of each financial year	
TAX AUTHORITY	FIRS/NRS under the new tax regime	
RATE	Small companies	0%
	Other companies	30%
PENALTY	Penalty + interest, possible restriction from government contracts, and enforcement actions including bank account liens	

Development Levy	
WHAT IT COVERS	Replaces Tertiary Education Tax, NITDA, and NASENI levies
WHO PAYS	All companies, excluding small companies
DUE DATE	With CIT
TAX AUTHORITY	FIRS/NRS under the new tax regime
RATE	4% of assessable profit
PENALTY	Failure to file returns now attracts a penalty of ₦100,000.00 in the first month and ₦50,000.00 for each subsequent month

VAT	
WHAT IT COVERS	Charged on goods/services sold
WHO PAYS	<ul style="list-style-type: none"> Companies and individuals offering taxable goods and services Businesses with annual revenue above ₦50 Million (organisations dealing in zero-rated goods and services are exempt) Government agencies, ministries, and parastatals that make payments to VAT-registered businesses
DUE DATE	21 st of each month Even if there was no VAT transaction, businesses must file a nil VAT return
TAX AUTHORITY	FIRS/SIRS
RATE	7.5%
PENALTY	<p>Failure to charge and collect VAT or non-remittance to FIRS/NRS on taxable goods and services - 10% penalty of the amount of tax due, plus interest at the prevailing CBN rate in addition to possible enforcement actions by FIRS (such as bank account liens or restrictions on government contracts)</p> <p>Failure to use Electronic Fiscalisation System - ₦200,000.00 + 100% tax due + CBN interest</p> <p>False VAT Refund Claim - Refund + 100% of the amount claimed + interest</p>

Withholding Tax	
WHAT IT COVERS	Advance tax on vendor payments
WHO PAYS	All companies paying rent, fees, contracts, etc.
DUE DATE	21 st of following month If the transaction is between related entities, remittance is due by the end of the month following payment or when the liability is recognised, whichever comes first
TAX AUTHORITY	FIRS/SIRS
RATE	2 - 10% depending on the transaction type and whether the recipient is a resident or non-resident There is a 5% final WHT on fees paid by Nigerian start-ups to non-resident providers of technical, professional, or consulting services
PENALTY	10% of tax + interest at CBN rate

Capital Gains Tax (CGT)	
WHAT IT COVERS	Capital Gains Tax (CGT) is a tax imposed on profits (gains) realised from the sale or disposal of chargeable assets such as land, buildings, shares, digital assets, like cryptocurrency, patent and intellectual property, foreign exchange gains, rights, debts, and incorporeal assets
WHO PAYS	Individuals with chargeable gains
DUE DATE	At the time of filing the CGT return for the transaction
TAX AUTHORITY	SIRS (based on residency)
RATE	Taxed at PIT rate *Please note that where you earned taxable income from abroad as a Nigerian resident, and same has already been taxed abroad, you are allowed to claim relief for taxes already paid on the same income in another country
PENALTY	Penalty + interest

Returns

Annual CAC Returns		
WHAT IT COVERS	Mandatory filings that all types of registered business entities make at the Corporate Affairs Commission ("CAC") to update their records and confirm their continued existence	
WHO PAYS	All companies (Private and Public) Incorporated Trustees (e.g NGOs, Churches, Foundations, etc.) Business Names Limited Liability Partnership (LLP) Limited Partnership (LP)	
DUE DATE	Public companies	File not later than 42 days after the Annual General Meeting (AGM) each year
	Private companies and Incorporated Trustees:	File not later than 30 th June every year
	New companies	First annual return should be filed 18 months after incorporation, then yearly thereafter by 30 th June
	Business names	First annual returns should be filed the second year after registration, then yearly subsequently
	Limited Liability Partnership (LLP)	Within 60 days of closure of the financial year
	Limited Partnership (LP)	
AUTHORITY	The Corporate Affairs Commission (CAC)	
RATE	CAC Statutory rates	
PENALTY	Fines vary by entity type, but usually between ₦5,000.00 to ₦25,000.00 or more Penalties accumulate the longer the delay continues Risk of the entity being struck off from the CAC's companies' register	



Contributions, Incentives and Funds

Nigeria Social Insurance Trust Fund (NSITF)	
WHAT IT COVERS	Employee injury compensation fund
WHO PAYS	All employers in the public and private sector
DUE DATE	Monthly
AUTHORITY	NSITF
RATE	1% of Payroll
PENALTY	5 - 10% of unpaid contributions per month

National Pension Commission (PENCOM)	
WHAT IT COVERS	Employee pension contribution
WHO PAYS	All employers with 3 or more staff members
DUE DATE	Not more than 7 days after payment of salary
AUTHORITY	PENCOM
RATE	8 - 10% of employee's salary
PENALTY	Minimum of 2% of outstanding contributions per month Licensing and contract bans

Industrial Training Fund (ITF)	
WHAT IT COVERS	Training Fund contributions
WHO PAYS	Companies with more than 5 staff or ₦50m+ turnover
DUE DATE	Submit training report and returns on an annual basis
AUTHORITY	ITF
RATE	1% of annual payroll
PENALTY	Disqualification from training refunds, sanctions

Minimum Effective Tax (METR) of 15%	
WHAT IT COVERS	Minimum tax imposed on large companies to ensure they pay a fair share of tax, regardless of incentives or exemptions
WHO PAYS	Nigerian Companies making ₦50 Billion or more annually, or global multinationals earning over €750 million (including companies in free zones if they are part of a multinational group)
DUE DATE	Payable on an annual basis, typically within 6 months after the company's financial year-end
TAX AUTHORITY	FIRS/NRS
RATE	15%
PENALTY	Interest and additional assessments by the tax authority Risk of revocation of exemptions or withdrawal of incentives, especially for free zone companies

Economic Development Incentive (EDI)	
WHAT IT COVERS	New tax incentive introduced in the NTA 2025 to encourage investment in priority sectors of the Nigerian economy It replaces the Pioneer Status Incentive (PSI) regime. It is a tax credit (not tax holiday) for eligible businesses
WHO PAYS	<ul style="list-style-type: none"> Companies incorporated in Nigeria Companies exempted from incorporation (e.g., foreign entities with legal exemption) Promoters of companies yet to be incorporated, planning to invest in Nigeria Entities that invest in a priority sector listed under regulations issued by the Minister of Finance Entities that incur a qualifying capital expenditure that meet or exceeds the threshold in the Tenth Schedule of the NTA 2025
CREDIT PERIOD	5% annual tax credit, applied each year for 5 years
TAX AUTHORITY	FIRS/NRS
FEE	0.1% of annual qualifying expenditure, capped at ₦5,000,000.00
PENALTY	Revocation of incentive Disqualification from future incentive schemes Fines, interest, prosecution, etc

Annual Incentives Return	
WHAT IT COVERS	An Annual Incentives Return is filed in addition to a taxpayer's regular tax filings. This return discloses both tax-exempt and taxable income
WHO PAYS	All companies and individuals benefitting from tax incentives or exemptions, waivers, or relief granted under Nigerian tax laws
DUE DATE	Not later than 30 th June of the year following the relevant financial year
TAX AUTHORITY	FIRS/NRS
RATE	15%
PENALTY	Companies - ₦1,000,000.00 or 1% of the value of the incentive claimed, whichever is higher Individuals - ₦100,000.00 in addition to other administrative sanctions prescribed under the NTA

For Non-Resident Companies and Virtual Asset Service Providers (VASPs)
***the below applies in addition to the other tax requirements above**

Companies Income Tax (CIT)	
WHAT IT COVERS	This is tax paid on profits from business. For Non-resident companies and VASPs, it applies a "minimum tax" or "deemed profit margin" when taxes are not ascertainable
WHO PAYS	Non-resident companies and VASPs, when profits are not ascertainable
DUE DATE	Payable on an annual basis, typically within 6 months after the company's financial year-end
TAX AUTHORITY	FIRS/NRS
RATE	Minimum of 4% of gross revenue earned from Nigeria (where profit is ascertainable, the normal CIT rates will apply)
PENALTY	Late filing penalties, interest on unpaid tax, and sanctions

Monthly Reporting	
WHAT IT COVERS	This is a report on all transactions, including the type of service, transaction date, value, and parties involved.
WHO FILES	Virtual Asset Service Providers (VASPs), including crypto exchanges, wallet providers, and digital token platforms.
DUE DATE	Monthly basis
TAX AUTHORITY	NRS (and possibly SEC for licensing oversight)
RATE	N/A
PENALTY	Failure to comply attracts a ₦10 Million fine in the first month, ₦1 Million for each subsequent month Possible license revocation by the Securities and Exchange Commission (SEC)

For NGOs & Not-for-Profits

S/N	Obligation	What It Covers	Due Date	Authority	Penalties
1.	TIN Registration	Legal identification for tax	Before operation of taxable activity	NRS/JRB	₦50,000.00 (First month), ₦25,000.00 (Every month after)
2.	CIT Filing	Annual returns, even if exempt	Within 18 months of incorporation or 6 months after the end of the first accounting period, whichever comes earlier Subsequently, within 6 months after the end of each financial year	FIRS/NRS	₦100,000.00 (First month), ₦50,000.00 (Every month after)
3.	WHT & VAT on Vendor Transactions	Deduct WHT, account for VAT on commercial/vendor expenses in the transaction's currency, Humanitarian and charitable goods are zero-rated/VAT exempt	21 st of the following Month	FIRS/NRS	10% penalty + interest at CBN prevailing rate



Best Practices For Tax Compliance

To stay compliant under the new tax regime, businesses and individuals must be proactive and organised. Here are key practices:

- i. Keep Proper Records:** Maintain accurate financial and tax records for a minimum of six years, as required for audits and tax reviews.
- ii. Timely Filing & Payment:** File all tax returns (e.g., VAT, CIT, PAYE) and remit taxes promptly to avoid penalties and interest.
- iii. Use Electronic Tax Platforms:** Register and file all statutory returns through the official e-tax portals introduced by the Nigeria Revenue Service and other relevant authorities.
- iv. Hire Accredited Tax Agents:** Only accredited tax practitioners should handle your tax filings. Returns submitted by unaccredited persons are deemed not filed and subject to sanctions.
- v. Ensure Audited Accounts:** Ensure your financial statements are audited and signed by ICAN-licensed auditors, as required under the law.
- vi. Automate Payroll and Taxes:** Use accounting or payroll software for PAYE, pensions, VAT, and withholding tax to improve accuracy and reduce risk.
- vii. Update Accounting Systems:** Reconfigure your accounting software and ERP systems to reflect new tax rates, input VAT rules, e-invoicing, and information-sharing obligations.
- viii. Maintain a Tax Compliance Calendar:** Track monthly, quarterly, and annual deadlines to ensure timely action on all filing and payment obligations.
- ix. Reframe Your Tax Strategy:** Align your tax strategy with your overall business goals. The tax function must now serve as a value protector, not just a compliance tool.
- x. Develop a Live Risk Register:** Set up a real-time tax risk register to identify, monitor, and manage evolving tax risks across your operations.

xi. Revise Compliance Processes: Review and update internal controls and workflows to reflect new legal requirements, including VAT fiscalisation, digital reporting, and documentation protocols.

xii. Strengthen Communication: Establish internal and external communication strategies to ensure staff, partners, and regulators are aware of new obligations and your response framework.

xiii. Consult Professionals: Engage tax and legal advisors for guidance on sector-specific issues, compliance audits, restructuring, and dispute resolution.

xiv. Stay Informed: Monitor updates from tax authorities, policy notices, and fiscal regulations to remain compliant in the rapidly changing tax environment.

Glossary

Acts / Laws

- **JRBA (Joint Revenue Board (Establishment) Act, 2025)** – Law establishing the JRB to replace the JTB.
- **NRSA (Nigeria Revenue Service (Establishment) Act, 2025)** – Law establishing and governing the NRS.
- **NTA (Nigeria Tax Act, 2025)** – Consolidates multiple old tax laws (CIT, PIT, VAT, Stamp Duties, etc.) into one Act.
- **NTAA (Nigeria Tax Administration Act, 2025)** – New law on tax processes, registration, filing, and enforcement.

Institutions / Agencies

- **JRB (Joint Revenue Board)** – New body replacing the (JTB) Joint Tax Board, with stronger dispute resolution and coordination roles.
- **NASENI (National Agency for Science and Engineering Infrastructure)** – Beneficiary of Development Levy funding.

- NELFund (Nigerian Education Loan Fund)** – Beneficiary of Development Levy funding.
- NIMC (National Identity Management Commission)** – Partner in harmonising taxpayer identity systems.
- NITDA (National Information Technology Development Agency)** – Beneficiary of Development Levy funding.
- NRS (Nigeria Revenue Service)** – Restructured agency replacing FIRS as Nigeria’s central revenue authority.
- OTO (Office of the Tax Ombud)** – Independent body to handle taxpayer complaints and rights.
- RMAFC (Revenue Mobilisation Allocation and Fiscal Commission)** – Enhanced role in monitoring tax collection/distribution.
- SIRS (State Internal Revenue Services)** – State-level tax bodies now with enhanced coordination via JRB.
- TAT (Tax Appeal Tribunal)** – Strengthened dispute resolution body under JRBA.
- Technical Committee of the NRS Board** – Expert advisory sub-committee on administration, incentives, and tax policy.
- TETFund (Tertiary Education Trust Fund)** – Beneficiary of Development Levy funding

Digital Systems / Compliance Tools

- Advance Rulings Regime** – System allowing taxpayers to obtain clarification on tax transactions.
- Dual PAYE Reporting** – Rule requiring both employer and employee to file annual PAYE returns.
- EFS (Electronic Fiscalisation System)** – Real-time invoicing and monitoring platform for VAT and sales.
- Simplified Returns** – Streamlined compliance filing introduced for SMEs and low-income taxpayers.

•**Third-Party Recovery** – Mechanism allowing NRS to recover tax debts directly from taxpayers' banks, customers, or agents.

Funds / Levies / Incentives

•**Annual Incentive Returns** – Mandatory filing by companies enjoying tax incentives, to enable monitoring and compliance.

•**Development Levy (4%)** – Flat levy on company profits (excluding small companies and non-residents), replacing multiple sectoral levies.

•**EDTI (Economic Development Tax Incentive)** – New incentive regime replacing the Pioneer Status Incentive, available to priority sectors.

•**Priority Companies** – Entities designated under EDTI for economic development incentives.

•**Refund Accounts** – Dedicated accounts for prompt taxpayer refunds at federal and state levels.

Taxpayer Reliefs / Deductions

•**CRA (Consolidated Relief Allowance)** – Repealed PIT relief, replaced by Rent Relief Allowance.

•**Rent Relief Allowance** – New PIT relief replacing CRA, allowing deduction of up to 20% of annual rent (maximum ₦500,000.00).

Conclusion

Effective from 1st January, 2026, these tax reforms mark a shift toward a fairer, more digital, and efficient tax system. They support small businesses, provide relief to individuals, and bring more sectors into formal compliance. By registering your business, keeping proper records, and filing your returns on time, you stay ahead and avoid penalties. Non-compliance can lead to stiff penalties, daily fines, reputational damage, and disqualification from public contracts. It can also affect your ability to raise capital or stay in business. The time to prepare is now.



The information contained in this Guide is provided solely for general educational purposes and does not, and is not intended to, constitute legal or any other form of professional advice.

For further details, you may read our 3-part policy analysis of the Tax Acts on www.tundeadisa.com. If you have any questions and require clarification, please contact our Policy Desk at contactus@tundeadisa.com and we would be happy to assist you.



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