KPMG

The Tax Gamechanger

Nigeria's Gaming Industry

KPMG Nigeria

From overlapping regulation to clearer tax treatment — here is what operators and stakeholders should know.

BACKGROUND

Nigeria's gaming industry has continued to experience rapid growth, driven by population demographics, increased internet access, and the popularity of football, resulting in increased engagement in sports betting, lotteries, casinos and other gaming activities. As the industry expands, the tax and regulatory framework continues to evolve.

Before the Tax Reforms

- Before the recent reforms, the gaming industry operated under a mix of Federal and State laws, creating overlapping regulation and increased incidence of multiple tax.
- In addition, the Withholding Tax (WHT) Regulations 2024 introduced WHT on winnings from lottery, gaming, reality shows etc. involving unincorporated persons — 5% for residents and 15% for non-residents.

Post Tax Reforms

The Nigeria Tax Act (NTA) has clarified key aspects of the taxation of the industry and explicitly subjects gaming and lottery businesses to income tax, establishing clear rules for the taxation of operators in the sector.

It also recognizes specific industry deductions such as winnings and prizes paid, agency commissions, and statutory levies. Further, the NTA resolves the ambiguity surrounding Value Added Tax (VAT) on gaming transactions by exempting stakes from VAT, thereby limiting VAT to the operator margin and other taxable services. At the state level, the Lagos State Government, through the Lagos State Lotteries and Gaming Authority, has issued a directive on the implementation of the 5% WHT on net gaming winnings from licensed gaming platforms operating in the state.

KEY CONSIDERATIONS FOR INDUSTRY PLAYERS

- Basis for computing taxable profits from gaming and lottery operations under Section 62 of the NTA
- Robust documentation and tax-audit readiness
- Tracking of net winnings and payout records to support correct WHT deduction and remittance and VAT compliance
- Evaluation of exposure to multiple taxes, levies and compliance costs across different states of operation
- Technology and system controls for appropriate tax reporting

For more information on the above, you may contact any of the following:

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Our Tax and Regulatory Advisory Capabilities

OUR LOCAL TAXATION PRACTICE

We have extensive experience in designing tax and regulatory advisory, compliance and management solutions. Along these lines, we have delivered locally and globally direct and indirect tax projects for a number of clients in various industries and sectors of the economy including telecommunications, financial services, technology, government ministries, departments and agencies (MDAs).

With our international network of offices across the globe, the international tax division of KPMG which comprises local and global specialists, is well positioned to serve as a single reference point for providing leading advice and solutions.

A modern information technology backbone and an up-to-date knowledge management system help our professionals to keep abreast of the latest local and international developments in tax laws. These facilities equip us to identify issues, suggest planning opportunities and co-ordinate expertise across jurisdictions for discharging global tax assignments in a timely and cost-effective manner.

At KPMG, our local and international tax team consists of experienced professionals who provide our clients with the most current tax and regulatory advice regarding local/international contents, tax efficiency, cross-border investments (in and outbound), thin capitalisation, the legitimate minimization of withholding taxes on international flows of interest, royalties and dividends and the establishment of legitimate tax-efficient financing and investment arrangements.

Our Tax Market Offerings

Tax Compliance & Advisory Services

- Personal Income Tax
- Value-Added Tax
- Withholding Tax
- Petroleum Profit Tax
- Corporate Income Tax
- Capital Gains Tax
- Tax Audits/Investigations Support
- Tax Audit Readiness and Virtual Data Room Services
- Tax Controversy and Dispute Resolution
- Obtainment of Fiscal Incentives

Regulatory Compliance & Advisory

- Start-up Compliance
- Liaison with regulatory agencies for the obtainment of licences, permits, etc.
- Corporate Secretarial Services
- Company Liquidation and Divestitures

Managed Services (Indirect Tax, Immigration & Payroll Outsourcing)

Immigration Services

- Immigration Compliance and Advisory
- Expat Country Briefing
- Home and Office Space Rentals
- Meet and Greet Service
- Administrative Staff Recruitment and Outsourcing

Payroll Advisory

- Payroll Management
- Annual Payroll Reconciliation
- Filing of Employee & Employer Annual Pay As You Earn (PAYE) Tax Returns
- Filing of Social Security Returns
- Processing Employees' Tax Clearance Certificates
- Registration of Companies for PAYE and Social Security Purposes
- Tax Audit Services & Social Security Verification Support
- Personal Income Tax Training Services
- Employee Compensation Structuring/Restructuring for Tax Efficiency

Transfer Pricing & International Taxation

Transfer Pricing

- Functional Analysis
- Selection of Transfer Pricing Method
- Benchmarking Study
- Preparation of Documentation
- Value Chain Management

Deal Advisory/ Mergers & Acquisitions

- Tax Due Diligence Services
- Tax Structuring of M & A Transactions
- Corporate Restructuring – Entity, Capital, Balance Sheet etc.
- Private Equity/Venture Capital Advisory Services
- Global Mobility Services

Tax Transformation

- Tax System Transformation
- Tax Risk Management
- Tax Administrative Framework Design
- Tax Policy Design and Implementation
- Tax Compliance Capacity Building/Training
- Tax Intelligence Solutions
- Data & Analytics