

Taxing the Digital Frontier

Key Insights from Nigeria's New Virtual Assets Guidelines

5 October 2026

In line with the growing adoption of cryptocurrencies and other digital assets in Nigeria, the Nigeria Revenue Service (NRS) issued the Guidelines on the Taxation of Virtual Assets (VA) (Information Circular No. 2026/21) ("the circular") on 31 July 2026. The circular provides a comprehensive framework for the registration, tax obligations, reporting, filing, enforcement, and further clarity on transactions that relate to virtual assets in Nigeria.

The circular seeks to provide certainty on the tax treatment of various categories of virtual assets, including cryptocurrencies, stablecoins, tokenised securities, utility tokens, non-fungible tokens (NFTs), and decentralised finance (DeFi) activities. In addition, the circular clarifies the responsibilities of taxpayers, Virtual Asset Service Providers (VASPs), Peer-to-Peer (P2P) marketplace operators, and other stakeholders involved in the virtual asset ecosystem.

Key Highlights

Scope of the regime

Category of VA	Tax Implication
Category 1 - Cryptocurrencies and exchange tokens e.g. Bitcoin, Ether, Solana	- Income tax on gains arising from the disposal of VA; - Stamp duty on eligible token transfers
Category 2 - Stablecoins and payment tokens e.g., USDT, USDC;	- Income tax on gains arising from the disposal of VA; - Stamp duty on eligible token transfers
Category 3 - Security and investment tokens e.g. revenue-sharing tokens, asset-based tokens;	- Income tax on gains arising from the disposal of VA; capital gains exemption under section 184(h) of the NTA applies only to tokenised Nigerian stocks and shares specifically - Stamp duty on eligible token transfers
Category 4 - Utility and governance tokens e.g. gaming tokens, staking derivative tokens;	Income tax on gains on disposal. Staking rewards, DeFi yield and liquidity rewards taxable as income at receipt
Category 5 - Non-Fungible Tokens (NFTs) e.g. digital art, music NFTs, property NFTs, etc	Tax treatment depends on economic substance and creator / investor / trader status
Category 6 - Sovereign digital currency e.g. eNaira, foreign central banks digital currencies (CBDCs)	Tax exempt

1. Income Taxes

1.1. Income Tax of Individuals

Individuals who derive income, profit or gains from VA transactions or VA activities in Nigeria, either through transfer or disposal of the asset that is chargeable to tax under the NTA, are liable to income tax. Similarly, any other income arising from VA activities should be declared in the annual income tax returns. The circular clarifies that consideration for employment and payments for services such as professional or consultancy, royalty and any form of business activities by way of substitution with VAs are liable to tax based on the provisions of the NTA.

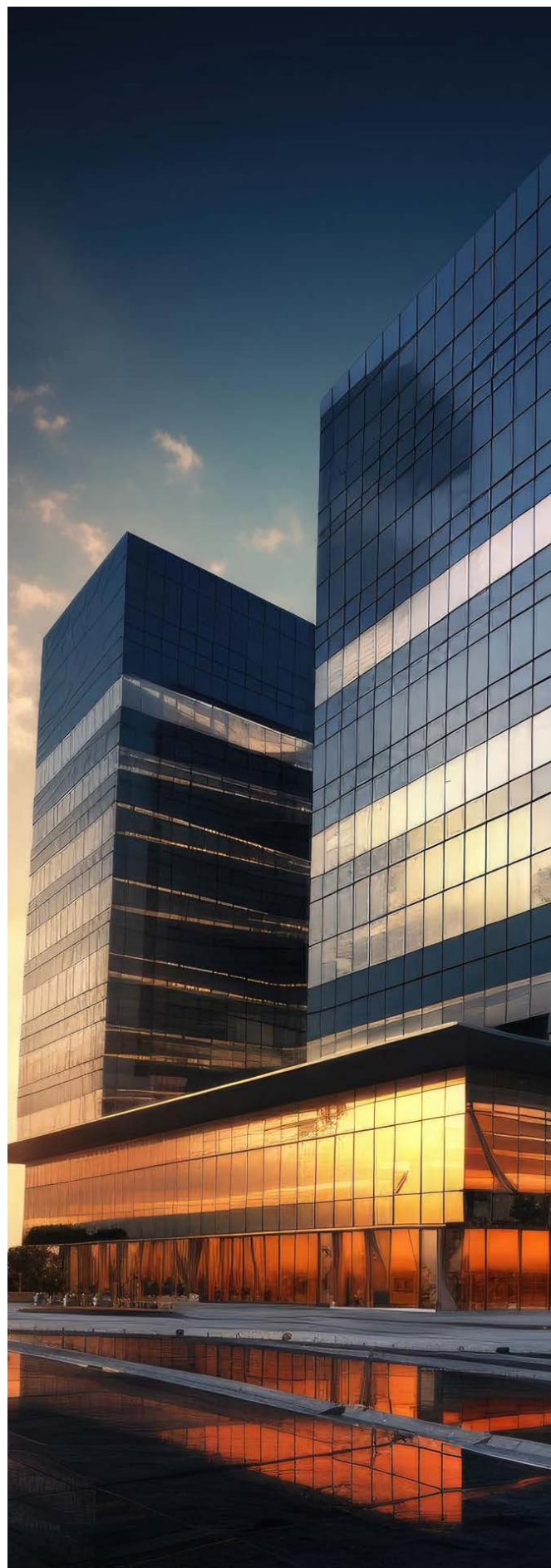
Taxpayers are required to declare such income in their annual returns while VA paid as employment income or emoluments should be reported by the employer including information on the quantity and fair value of the VA in USD at the date of payment.

The NRS, through the issuance of the circular, has broadened the tax net by providing a comprehensive framework for the taxation of virtual asset transactions. The circular seeks to ensure that income derived from various virtual asset activities is brought within the scope of taxation, thereby reducing ambiguity and enhancing tax compliance within the digital asset ecosystem. Consequently, individuals earning income either from disposal of VA or its receipt as a consideration substitute are liable to income tax at the progressive graduated rate ranging from 0% to 25% depending on the income band of the individual.

1.2. Income Tax of Companies

Nigeria companies earning income from VA transactions will be liable to income tax of either 0% or 30%¹, depending on whether the company is a small or large company. The taxable income with respect to VA include gains or profits from trading in VA, VA exchanges, transaction fees charged by VASPs, brokerage commissions, custody services, wallet administration services, mining operations, staking operations, and profit from other VA business activities. The income tax is to be computed as part of the company's taxable profits in line with the relevant provisions of the NTA.

Following this circular and the provisions of the NTA with regards to taxation of VA, taxpayers would be expected to incorporate gains or income from VA transactions in the income tax computations.



¹ Gains from disposal of virtual assets by oil producing companies that are yet to convert under the provisions of the Petroleum Industry Act (PIA) will be taxed at 50% or 85%.

1.3. Non-Resident

Non-resident persons that derive income, profits or gains from VA activities conducted in Nigeria shall be liable to tax in accordance with the relevant tax laws. Similar to the laws guiding Significant Economic Presence (SEP) and Nigerian-source income, income arising from VA activities may be deemed taxable in Nigeria. Accordingly, such VA related income, profits, or gains would be subject to tax in Nigeria in the same manner as other taxable income derived by non-resident persons from Nigeria activities.

2. Value Added Tax

Transfer of ownership in a VA does not constitute a taxable supply for value added tax (VAT) purposes given that VA is a financial instrument. This treatment is consistent with the provision of the NTA that exempt money, stakes or securities including interest in money or securities from VAT. However, taxable supplies relating to VA transactions such as exchange fees charged by VASPs, brokerage commissions, custody fees, wallet management fees, listing fees, transaction facilitation fees, advisory fees, digital platform service fees, and other similar fees or commission related fees are liable to VAT at 7.5%.

With regards to consideration made for taxable goods or services using VAs, VAT shall apply in the same manner as payment made with fiat currency which will be accounted for and remitted by the supplier. In determining the VAT liability, the taxpayer is required to use the fair market value of the VA at the time of transaction and remit the applicable VAT in the currency of transaction.

A non-resident VASP that supplies taxable digital service to a Nigerian company is required to comply with the obligations applicable to non-resident suppliers with respect to VAT. This includes registration, charging by issuing a VAT invoice, filing and remittance of VAT. However, where the non-resident VASP fails to charge VAT, the resident company is required to self-charge.

3. Stamp Duties

Stamp duty is applicable to token to Fiat and Fiat to Token transfers at an ad valorem rate of 1.5%. The circular also clarifies that where VA is used to settle a transaction that independently attracts stamp duty, the underlying duty under the NTA shall remain applicable in addition to the stamp duty on the VA transfer.

The circular confirms exemption of payment for goods and services settled using VA provided the underlying transaction is not independently dutiable. Also, the NRS added that the stamp duty is borne by the transferee of the token and should be accounted for by the transferor or VASP and remitted in token units to the Service not later than the 15th and 30th of the month of transaction².

The NRS appears to have adopted certain positions in the circular that seem inconsistent with the NTA and may give rise to ambiguity in interpreting the law. Specifically, the issue of double stamping of VA with independent associated dutiable instrument. Section 141 of NTA on stamp duty addresses how multiple instruments covering same transaction should be treated. It stipulates that only one of such instruments should be liable to ad valorem rate. Therefore, for alignment with the provisions of the NTA, we recommend a review of the position as only one of the dutiable instruments should be liable to ad valorem stamp duty rate while other documents would be stamped at fixed rate.

Further, the circular adopted the rate for conveyance on sale as the applicable rate for VA. While this rate may be applicable to some VAs, such as digital arts and music NFTs, for VAs that serve as a form of currency or money e.g. cryptocurrencies, stablecoins, should be treated in similar manner as fiat currencies being electronic instruments. Based on the provision of the NTA, the applicable stamp duty rate with respect to transfer of money valued at ₦10,000 and above is the fixed rate of ₦50 applicable to Electronic Money Transfer Levy (EMTL).

Also, on the timeline for the stamping, section 125 of the NTA specifically requires taxpayers to stamp dutiable instruments not later than 30 days after its execution which is different from the 15th and 30th day of the month of transaction communicated in the circular.

² The NRS's circular on dutiable instruments clarifies the filing deadline as 30 days from the execution date in line with the provisions of the NTA.



4. Withholding Tax

The circular prescribes the withholding of tax from sales of VA and substitution payment using VA. The application of withholding tax (WHT) on payments such as goods and services, professional fees, mining, staking aligns with the current administration as WHT would have applied where payments are made in cash.

However, sale proceeds from disposal of VA under categories 1, 3 and 5, excluding associated fees or consideration payment in VAs should not ordinarily qualify for WHT deduction. The disposal or sale or liquidation of VA is a chargeable asset just like sale of shares or any other financial assets and should not be liable to WHT as there is no current enabling law providing for the imposition. At the same time, the application of WHT rate of 1% referenced in the circular for VA in categories 1, 3 and 5 does not align with the provision of the law, as the NTA does not make provision for this. The wording of paragraph 8.0 in the circular with respect to applicable rates may raise questions regarding the interaction between the circular and the legislative framework established under the NTA.

Additionally, since the WHT deducted on VA transactions would be remitted in the respective currency of the VA, utilisation of credit challenges may arise because tax returns are required to be filed in fiat currency such as Naira, USD, etc. Accordingly, the NRS should provide further clarification on the process for claiming VA-based WHT credits and enhance Rev360 to incorporate the necessary functionalities that facilitate seamless utilisation of VA WHT credits.

Other Matters

Valuation and Computation of Taxable Gains

One prevalent inclusion of the circular is the adoption of a USD-referenced gain computation methodology for Category 1 virtual assets. Under this approach, gains are computed using the USD value of the asset at acquisition and disposal, with only the resulting real economic gain converted to Naira for taxation purposes. Only the actual increase in the value of the asset is taxed rather than the gains created by Naira depreciation. The circular therefore seeks to eliminate the impact of notional foreign exchange gains from taxable gains

Gains from disposal of Category 2 virtual assets are, however, measured against the pegged fiat currency which will be negligible. The circular also permits the annual netting of virtual gains and losses, indefinite carry-forward of VA capital losses, and set-off of VA losses against future VA gains. However, the annual netting of losses should be limited to losses arising from VAs. Accordingly, losses incurred from other business segments or activities that are unrelated to VAs should not be used to offset profits or gains derived from the disposal of VAs.

The dollar-referenced gain rule benefits virtual asset operators by ensuring tax is charged only on the real gain in a virtual asset's USD value, rather than gains caused by Naira depreciation. However, it also increases compliance requirements, as operators must keep detailed records of transaction values, dates, and exchange rates to accurately calculate taxable gains.

Compliance and Reporting Obligations

The circular imposes extensive compliance requirements on taxpayers and VASPs with key obligations such as:

▪ Tax registration and Tax ID acquisition ▪ Withholding and remittance of applicable taxes ▪ Collection and remittance of stamp duties;	▪ Maintenance of transaction records ▪ Filing of returns; and ▪ Reporting of virtual asset transactions
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VASPs are also required to verify Tax IDs before account activation and comply with prescribed reporting obligations under Nigeria Tax Administration Act (NTAA). The circular also highlights various penalties for non-compliance relating to virtual assets, which are similar to the prevailing penalties under the NTAA. It is important to state that cost of non-compliance is now very high. As such, taxpayers are encouraged to ensure compliance with the required obligations as and when due.

Conclusion

The NRS circular on the taxation of virtual assets represents a landmark development in Nigeria's tax landscape and establish a comprehensive framework for the taxation of cryptocurrency, tokenised assets, NFTs, staking activities and other virtual asset transactions.

While the circular provides additional guidance on the tax treatment of virtual assets, it has also introduced significant compliance and reporting obligations for taxpayers, VASPs and other stakeholders. Taxpayers engaged in virtual asset transactions should proactively assess the impact of the circular on their business operations, transaction structure, and tax positions.

The circular relies significantly on the effectiveness of VASPs in identifying taxable transactions, deducting and remitting applicable taxes. However, the ability of the NRS to enforce collection obligations outside regulated VASPs may be limited. Furthermore, a significant proportion of Nigerians' crypto currencies activities occur through offshore exchanges. This may raise the issue of potential compliance and enforcement challenges. The effectiveness of enforcement in respect of offshore transactions may therefore depend on future administrative and regulatory developments.

To manage potential exposure, businesses dealing in virtual assets should ensure proper and effective governance, documentation / record keeping and appropriate controls. It may be important to seek professional tax and regulatory advice when designing transaction structures, computing gains or losses, claiming loss reliefs, and fulfilling their reporting obligations under the circular, to facilitate compliance with the new requirements.

- Please **click here** to download a copy of the Guidelines.



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