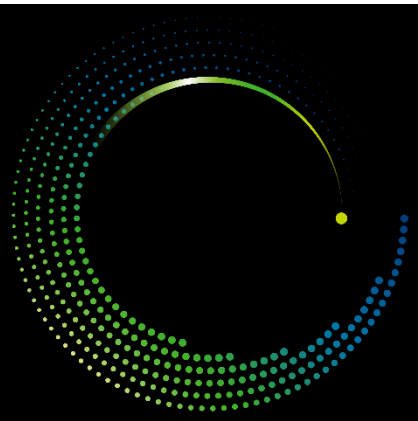
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International Tax
Nigeria Highlights 2025

Updated January 2025



Recent developments

For the latest tax developments relating to Nigeria, see Deloitte tax@hand.

Investment basics

Currency: Nigerian Naira (NGN)

Foreign exchange control: Equity and/or loan capital must be brought into Nigeria through authorized dealers (i.e., banks). The remittance of dividends and interest is permitted, provided the equity and/or loan was imported and is evidenced by an appropriate certificate of capital importation. There are no restrictions on the percentage of profits that may be distributed as dividends, subject to the dividend tax rule. Under this rule, where the dividend declared is higher than the company's taxable profit for the year, the dividend will be charged to tax at 30% or 20%, depending on the company's gross turnover for the relevant year (see "Rate" under "Corporate taxation," below), as if the dividend were the taxable profit of the company for the year. There are exceptions to the rule, where the dividend is paid out of profits that were subject to company income tax (CIT) in the past, is paid out of profits that are exempt from income tax, or is regarded as franked investment income.

The remittance of royalties and service fees is permitted, provided the underlying license and service agreements have been approved by the National Office for Technology Acquisition and Promotion.

A tax clearance certificate or other evidence of payment of the appropriate tax must be obtained by a person wishing to remit dividends, interest, royalties, or service fees outside Nigeria. Authorized dealers of foreign currencies must notify the Central Bank of Nigeria of any cash transfers to or from a foreign country in any amount above USD 10,000 (or the equivalent thereof).

Accounting principles/financial statements: IFRS generally applies. Companies must prepare financial statements annually and have them audited. The audited financial statements are to be filed with the Corporate Affairs Commission. The audited financial statements are also required when filing annual CIT returns with the tax authorities.

Principal business entities: In Nigeria, a business entity can be registered as a business name or as a private company, public company, limited partnership, limited liability partnership, unlimited company, or company limited by guarantee. A foreign company seeking to carry on business in Nigeria is required to incorporate as one of these vehicles. However, a foreign entity may be exempt from incorporation in Nigeria if it meets any of the exemption criteria. Categories of

exempted foreign entities include those invited by the Nigerian government to execute a project in Nigeria, foreign government-owned entities engaged solely in export promotion activities, and those executing a loan project for a donor country or organization in Nigeria.

Corporate taxation

Rates	
Corporate income tax rate	30%/20%/0%
Branch tax rate*	30%/20%/0%
Capital gains tax rate	10%

*The concept of branch taxation is not applicable in Nigeria. However, branches and subsidiaries of foreign companies are considered separate legal entities and are subject to tax at the CIT rates.

Residence: A company is a resident of Nigeria if it is incorporated in Nigeria.

Basis: Nigerian resident companies are taxed on worldwide income, while companies established in a foreign country are taxed on income accruing in, derived from, brought into, or received in Nigeria. The income of a foreign company will be deemed to be derived from Nigeria if it creates a taxable presence or "significant economic presence" (SEP) in Nigeria, as specified by the law.

Taxable income: Taxable income is a company's gross income less allowable deductions, exempt income, tax losses, and capital allowances. Income and expenses of a capital nature are not included in the computation of taxable income. Expenses that are incurred wholly, exclusively, necessarily, and reasonably for the business generally may be deducted. Qualifying research and development (R&D) expenses are tax deductible, but the amount deducted may not exceed 10% of the company's total profits for the relevant year of assessment. Donations are tax deductible only if they are made out of the company's profits; made to a fund, body, or institution specified in the Company Income Tax Act (CITA); and the amount of the donation does not exceed 10% of the company's total profits before the deduction of the donation.

Capital allowances are granted to companies to account for the wear and tear of business assets. The rate and method of a capital allowance (tax depreciation) depends on the class of asset. The rates are highest (95%) for expenditure on the replacement of plant and machinery for mining, agricultural production, industrial plant and machinery, and motor vehicles used for public transportation. Software is treated as qualifying capital expenditure on which capital allowances may be claimed.

Rate

General

The CIT rate for large, non-oil and gas companies (i.e., companies with turnover of NGN 100 million and above) is 30%. A 20% rate applies to medium-sized companies (i.e., those with turnover above NGN 25 million and below NGN 100 million), and a 0% rate applies to small companies (i.e., those with turnover of NGN 25 million and below). Different rates apply to oil and gas companies; see "Petroleum profits tax (PPT)" and "Hydrocarbon tax (HT) and CIT" under "Other," below.

Tertiary education tax (TET) at a rate of 3% generally is payable by companies incorporated in Nigeria on the adjusted/assessable profits for CIT (or HT or PPT) purposes before the deduction of tax losses and capital allowances. The rate is 0% where the company's turnover does not exceed NGN 25 million. The tax is administered in the same way as the CIT, HT, and PPT.

Surtax

There is no surtax.

Alternative minimum tax

A minimum tax is imposed to ensure that, unless exempt, every company pays a certain amount of CIT. The minimum tax is payable by a company where, in any year of assessment, the total assessable profits from all sources result in a loss or no tax being payable, or tax payable that is less than the minimum tax. The minimum tax is 0.5% of the company's gross turnover less franked investment income. Small companies, agricultural companies, and companies in the first four calendar years of business are exempt from the minimum tax.

Global minimum tax (Pillar Two)

Proposed tax reform legislation would introduce a minimum effective tax rate (ETR) of 15% that would apply to companies that are a constituent entity of a multinational enterprise group, as well as to companies with aggregate turnover of NGN 20 billion and above in the relevant year of assessment. The proposed ETR of 15% would be in line with the global anti-base erosion (GloBE) or "Pillar Two" model rules published by the OECD/G20 Inclusive Framework on BEPS.

Taxation of dividends: Dividends received by a Nigerian company from another domestic company are excluded from the determination of taxable income to the extent that the distribution was subject to withholding tax in the hands of the initial recipient (distributing company).

Capital gains: Capital gains generally are taxed at a rate of 10%. Gains accruing on the disposal of shares in a Nigerian company are subject to capital gains tax, except where:

- The aggregate proceeds from the disposal of shares in Nigerian companies by the taxpayer are less than NGN 100 million in any 12 consecutive months;
- The proceeds are reinvested within the same year of assessment, in the same company or another Nigerian company; or
- The shares are transferred in a regulated securities lending transaction between an approved borrower and lender.

Gains on the disposal of digital assets such as cryptocurrencies are subject to capital gains tax, at a 10% rate.

Charitable bodies, statutory bodies, and retirement benefit schemes are exempt from paying tax on capital gains, subject to the fulfillment of conditions set forth in the tax law.

Losses incurred on the disposal of chargeable assets are deductible against gains on the disposal of the same type of assets. Where the losses exceed the chargeable gains, the excess losses may be carried forward for a maximum of five years but may not be carried back.

"Rollover relief" permits the deferral of capital gains tax under certain circumstances where the proceeds from the disposal of certain classes of assets are reinvested to acquire another asset of the same class. Rollover relief may be claimed for the disposal of shares in a Nigerian company, provided that the disposal proceeds are reinvested within the same year of assessment and for the acquisition of eligible shares in the same company or other Nigerian companies.

Losses: Tax losses (other than capital losses) may not be carried back but may be carried forward indefinitely (see "Capital gains," above, for the treatment of capital losses).

Foreign tax relief: A unilateral credit is available to corporate taxpayers in a Commonwealth of Nations jurisdiction (subject to evidence of reciprocity to Nigerian businesses). A tax credit is granted for tax paid in jurisdictions with which Nigeria has concluded a tax treaty. A company must formally apply to the tax authorities to claim the tax credit (Nigeria's revenue authority has provided guidance on the process for obtaining benefits under Nigeria's tax treaties).

Participation exemption: There is no participation exemption.

Holding company regime: There is a bank holding structure regime.

Incentives: Pioneer industries that produce "pioneer products" under the Industrial Development (Income Tax Relief) Act may be granted a three-to-five-year tax holiday.

Companies and organizations engaged in R&D activities for commercialization may be granted a 20% investment tax credit on qualifying expenditure.

Companies engaged in export trade are entitled to various incentives, such as an exemption from income tax for profits from exports (provided the conditions for the exemption are met).

The road infrastructure tax credit (RITC) is available to private companies that fund the construction or refurbishment of eligible roads. In return, such companies may recover the amounts incurred in the construction or refurbishment as tax credits to be claimed against income tax payable. The RITC scheme applies for 10 years as from 1 January 2019.

Various incentives are available to stimulate investment in agricultural activities. Incentives include an enhanced capital allowance regime, an agricultural credit guarantee scheme fund with a loan guarantee of up to 75%, and an exemption from the minimum CIT.

The tax exemption for 25% of income in convertible currencies derived from tourists by a hotel, provided the income is put in a reserve fund to be used within five years for the expansion or construction of new hotels, has been terminated. However, funds already set aside for this purpose on or before the effective date of Finance Act 2023 will continue to be exempt until the fund is fully used or the five-year limit elapses, whichever occurs first.

Free trade zones (FTZs) offer numerous incentives to businesses, such as locational advantages and an exemption from tax and levies on business transactions concluded within the zones. However, FTZ entities are required to file income tax and transaction tax returns with the tax authorities.

Interest earned by banks on loans granted to a company for agricultural trade or business in Nigeria is exempt from income tax.

The gas utilization incentive (GUI) is available to companies engaged in the trade or business of gas utilization in midstream or downstream operations, as provided in the CITA. Under the GUI, following an initial tax-free period (as provided in section 39(1) of the CITA), a gas utilization investment allowance is available that is equal to 25% of qualifying costs of plant and equipment. However, companies that have benefited from an incentive similar to the GUI under any other act or law are not entitled to this incentive under the CITA.

A gas tax credit (which may be claimed against income tax payable) is available for oil and gas companies in the upstream sector involved in non-associated gas (NAG) greenfield developments in onshore and shallow water locations, provided the first gas production occurs on or before 1 January 2029. Oil and gas companies in the upstream sector are also entitled to tax incentives for deep offshore developments within oil mining leases and petroleum mining leases with production sharing contracts (PSCs) or profit sharing contracts. The incentives for deep offshore development are granted in the form

of a production tax credit based on the volume of crude oil produced and a production tax credit based on the volume of gas produced sold from NAG developments or developments containing crude oil and NAG in the deep offshore.

See “Petroleum profits tax (PPT)” under “Other,” below, for information on incentives relating to the PPT.

Other

Petroleum profits tax (PPT)

PPT generally is imposed on the profits of companies engaged in upstream petroleum operations. The chargeable profit to be subject to PPT is an aggregate of the value of chargeable oil sold, chargeable oil disposed, and all other income incidental to the petroleum operations of the company. Non-incidental income, and proceeds from gas, are subject to CIT. The PPT tax rates vary as follows:

- 50% for petroleum operations under PSCs with the Nigerian National Petroleum Corporation;
- 65.75% for non-PSC operations, including joint ventures, in the first five years where a company has not fully amortized all pre-production capitalized expenditure; and
- 85% for non-PSC operations after the first five years.

There are incentives available to companies engaged in the utilization of associated and non-associated gas, which are subject to certain conditions specified in the tax law.

Penalties and interest may apply for noncompliance with the provisions of the Petroleum Profit Tax Act, including late filing, late payment of tax, and fraudulent tax returns. The applicable penalty for late filing of returns is NGN 10 million for the first day the failure occurs, and the penalty accruing for each subsequent day the failure continues is NGN 2 million. Also, a fine of NGN 20 million or other amounts as may be prescribed by the Minister of Finance, or six months’ imprisonment, or both, would be imposed where a person is convicted of an offense.

Hydrocarbon tax (HT) and CIT

Under the Petroleum Industry Act (PIA), a dual income tax regime applies for upstream petroleum companies. HT (rather than PPT) and CIT apply to crude oil profits and profits derived from field condensates and natural gas liquids (NGLs) obtained from associated gas (AG) for operations in onshore or shallow water acreages. Under the dual tax regime in the PIA, the following tax rates are applicable:

- 30% HT for license areas in which field development is underway or a final investment decision to develop the field has been made, or regular commercial production is occurring;
- 15% HT for license areas in which the holder is prepared to present an appraisal program or make a declaration of commercial discovery and submit a field development plan or make a declaration of discovery of significant crude oil/gas and submit an application for the retention area; and
- 30% CIT for crude oil profits and profits derived from field condensates and liquid NGLs obtained from AG.

Only CIT of 30% is applicable for operations in the deep offshore area.

Companies were allowed to voluntarily convert from the PPT regime to the regime under the PIA by the earlier of 18 months from the commencement of the PIA (i.e., by the end of February 2023) or the expiration of the current license/lease; otherwise, mandatory conversion will take place upon the expiration of the current license/lease.

Compliance for corporations

Tax year: The tax year is 12 months on a preceding-year basis.

Consolidated returns: Consolidated returns are not permitted; each company must file a separate return.

Filing and payment: A corporate taxpayer must file an annual return based on its income for the accounting year. The return is due within six months after the end of the accounting year. The taxpayer's audited financial statements must accompany the return.

Operators offering online gaming services in Nigeria are required to connect to the Sentinal National Payment Gateway and Electronic Solution, a transaction processing system that aims to aid in the real time/direct collection of taxes from online gaming transactions.

Penalties: A taxpayer that fails to file a return will be assessed by the tax authorities to the best of their judgment. Penalties and interest may apply for late filing, late payment of tax, and fraudulent tax returns. See "Petroleum profits tax (PPT)" under "Corporate taxation," above, for information on penalties relating to the PPT.

Rulings: A private ruling may be obtained from the Federal Inland Revenue Service (FIRS) on the tax consequences of a transaction. However, to be upheld, the ruling must be in line with the law.

Individual taxation

Rates		
Individual income tax rate	**Taxable income (NGN)**	**Rate**
	Up to 300,000	7%
	300,001–600,000	11%
	600,001–1.1 million	15%
	1,100,001–1.6 million	19%
	1,600,001–3.2 million	21%
	Over 3.2 million	24%
Capital gains tax rate		10%

Residence: Personal income tax applies to any person (including an expatriate) that has income liable to tax in Nigeria. The concept of residence refers to a place available for an individual's use in Nigeria.

Basis: Nigerian residents are taxed on worldwide income (subject to some exceptions); nonresidents are taxed on Nigerian-source income or deemed Nigerian-source income on the basis of an SEP in Nigeria. The finance minister determines what constitutes an SEP for an individual. Nonresidents are largely taxed via deduction at source (see "Withholding tax," below).

Taxable income: Employment income (of both temporary and permanent employees) for services performed wholly or partly in Nigeria is taxable, as are business profits earned by individuals and unincorporated bodies from a trade or profession, and investment income derived by individuals. However, where an individual earns employment income of no more than the national annual minimum wage (currently, NGN 840,000), this income is exempt from personal income tax and the individual is not subject to minimum tax (see "Rates," below). Exempt income also includes foreign-source income of residents from dividends, interest, rents, royalties, fees, or commissions brought into Nigeria through an authorized bank and certain compensation for loss of employment.

Rates: Individuals in Nigeria are taxed based on progressive rates ranging from 7% to 24%. A minimum tax of 1% of gross income generally is applicable where the computed tax amount is less than 1% of gross income.

Capital gains: Capital gains generally are taxed at a rate of 10%. Gains from compensation for loss of employment not exceeding NGN 10 million are exempt, i.e., any amount in excess of NGN 10 million is subject to capital gains tax.

Deductions and allowances: A consolidated relief allowance of 20% of gross income, plus the higher of NGN 200,000 or 1% of gross income, is available. Gross income means all income less nontaxable income, franked investment income, tax-exempt income, allowable business expenses, capital allowances, and tax-exempt deductions. The following deductions are tax exempt when computing taxable income: National Housing Fund contributions, National Health Insurance Scheme contributions, pension scheme contributions, and life assurance premiums (including premiums paid on contracts for a deferred annuity, provided that any portion of the annuity withdrawn within five years from the date the premium was paid will be subject to tax at the point of withdrawal).

Foreign tax relief: Foreign tax relief is available under the provisions of the tax treaties that Nigeria has ratified and that have entered into effect.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Each taxpayer must file a separate return. Spouses are not allowed to file joint returns.

Filing and payment: Employment income is taxed under a pay-as-you-earn (PAYE) scheme, under which the employer withholds personal income tax from the employee's salary or wages and pays it to the tax authorities of the state where the employee resides, by the 10th day of the month following the month of the withholding. Resident individuals that earn employment income are required to file an annual tax return, which is due within 90 days after the end of the tax year (31 March). Other individuals pay tax through self-assessment under the direct assessment scheme.

Penalties: Penalties and interest are imposed for late payments or failure to file returns.

Rulings: A private ruling can be obtained from the FIRS or the individual state tax authority, as applicable, on the tax consequences of a transaction. However, to be upheld, the ruling must be in line with the law.

Withholding tax

Rates

Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	10%	10%	10%	10%
Interest	0%/10%	0%/10%	0%/2.25%/10%	0%/10%
Royalties	10%	5%	10%	5%

Dividends: The withholding tax rate on dividends generally is 10%. The rate on dividends paid to nonresidents may be reduced in accordance with the provisions of an applicable tax treaty. For both nonresidents and residents, the withholding tax on dividends is the final tax.

Interest: The withholding tax rate on interest generally is 10%. The rate on interest paid to nonresidents may be reduced in accordance with the provisions of an applicable tax treaty. The withholding tax rate for interest on loans obtained from foreign lenders also may be reduced to 2.25% where the lender is not a resident of a treaty country and where the terms of the loan meet the conditions prescribed in the third schedule of the CITA. Certain interest payments are exempt from withholding tax, e.g., interest on loans granted for agricultural business or trade, interest earned on bonds issued by the federal government of Nigeria. For nonresidents, the withholding tax on interest is the final tax.

Royalties: The withholding tax rate on royalties generally is 10% on payments to companies and 5% on payments to individuals. The rate on royalties paid to nonresidents may be reduced in accordance with the provisions of an applicable tax treaty. For nonresidents, the withholding tax on royalties is the final tax.

Fees for technical services: The withholding tax rate on fees for technical services, commissions, management fees, consultancy fees, brokerage fees, or professional services fees is 5% on payments to resident companies or individuals, and 10% on payments to nonresident companies or individuals. The rate on payments to nonresidents may be reduced in accordance with the provisions of an applicable tax treaty. Tax must be withheld at twice the specified rate if the recipient of the payment has no tax identification number (TIN).

Branch remittance tax: There is no branch remittance tax; the concept of branch taxation is not applicable in Nigeria.

Other: In addition to the types of payments described above, certain other payments may be subject to withholding tax. Certain exemptions may apply. The rate on payments to a nonresident may be reduced in accordance with the provisions of an applicable tax treaty. Tax on the supply of goods, the rendering of services, or certain transactions involving non-passive income must be withheld at twice the specified rate if the recipient of the payment has no TIN.

The following is a summary of some types of payments that may be subject to withholding tax and the relevant rates:

- Rent, hire, or lease payments: 10% if paid to a resident or nonresident company or individual;
- Payments for construction of roads, bridges, buildings, or power plants: 2% if paid to a resident company or individual; 5% if paid to a nonresident company or individual;
- Payments for any other form of construction and related services: 5% if paid to a resident company or individual; 10% if paid to a nonresident company or individual;
- Directors' fees: 15% if paid to a resident individual; 20% if paid to a nonresident individual;
- Payments to entertainers and sports persons: 15% if paid to a nonresident company or individual; not applicable if paid to a resident company or individual;
- Compensation for loss of employment: 10% if paid to a resident or nonresident individual;
- Co-location and telecommunication tower services: 2% if paid to a resident company or individual; 5% if paid to a nonresident company or individual;
- Supply of goods or materials other than by the manufacturer or supplier: 2% if paid to a resident company or individual; not applicable if paid to a nonresident company or individual;
- Brokerage fees: 5% if paid to a resident company or individual; 10% if paid to a nonresident company or individual;
- Winnings from lotteries, gaming, reality shows, etc.: 5% if paid to a resident individual; 15% if paid to a nonresident individual; and
- Supply or rendering of services other than those specifically listed in the schedule to the Deduction of Tax at Source (Withholding) Regulations 2024: 2% if paid to a resident company or individual; 5% if paid to a nonresident company or individual.

Anti-avoidance rules

Transfer pricing: Nigerian tax legislation contains general provisions on anti-avoidance rules that require transactions between related parties to comply with the arm's length principle. Additional guidelines covering applicable transactions, transfer pricing methodologies, documentation, advance pricing agreements, offenses, penalties, and dispute resolution are contained in Nigeria's transfer pricing legislation. See also "Other," below.

Country-by-country reporting requirements apply to certain multinational enterprise groups, i.e., groups with annual consolidated group revenue of NGN 160 billion and above.

Interest deduction limitations: Nigerian tax law disallows a deduction for "excess interest" on related-party lending (i.e., loans involving a related foreign lender, except banks and insurance companies). Excess interest is any amount paid or payable as interest on a loan, to the extent that the interest exceeds 30% of earnings before interest, taxes, depreciation, and amortization (EBITDA).

Controlled foreign companies: There are no controlled foreign company rules.

Anti-hybrid rules: There are no anti-hybrid rules.

Economic substance requirements: While there are no specific economic substance requirements in Nigeria, certain laws (e.g., the CIT law, the capital gains tax law) include a general anti-avoidance rule that empowers the FIRS to disregard any disposition (e.g., an arrangement) and direct that necessary adjustments be made concerning liability to tax if the FIRS believes that the disposition is not actually given effect. The FIRS also may disregard any transaction that reduces or would reduce the amount of any tax payable if the FIRS believes the transaction is artificial or fictitious.

Disclosure requirements: For purposes of tax administration in Nigeria, a relevant tax authority may require any taxpayer or any other person to provide information, documents, or other items that may be required for determining the tax due to the government.

Exit tax: There is no specific exit tax.

General anti-avoidance rule: Various pieces of tax legislation contain general anti-avoidance provisions.

Other: The allowable CIT deduction for a royalty payment to a related party is limited to 5% of the payer's EBITDA, in line with the transfer pricing regulations.

Value added tax

Rates	
Standard rate	7.5%
Reduced rate	0%

Taxable transactions: VAT is charged on the supply of taxable goods and services in Nigeria, and on the import of goods. Where a Nigerian customer that is a taxable person carries out taxable transactions with a nonresident, the nonresident is expected to account for the VAT; however, if the nonresident fails to charge VAT, the Nigerian customer is required to self-account for VAT. In addition, where a taxable person supplies taxable goods and services without reaching the NGN 25 million registration threshold (see "Registration," below), a Nigerian customer to whom the supply was made is required to self-account for the VAT, except where the Nigerian customer's total taxable supplies do not meet the NGN 25 million threshold.

Rates: The standard VAT rate is 7.5%. Goods purchased for use in humanitarian donor-funded projects and goods and services purchased by diplomats are zero rated. Certain goods and services are VAT exempt, such as basic food items; baby products; exports; educational materials; medical services; animal feed; electric vehicles (and their manufacture and assembly); equipment and infrastructure related to the expansion of compressed natural gas (CNG), liquefied petroleum gas (LPG), and domestic liquefied natural gas (including their respective conversion kits); and CNG and LPG conversion and installation services.

Input tax paid on purchases to produce exempt supplies is not recoverable. In addition, input tax paid on overhead expenses, services, and general administration is to be expensed in the financial statements for the year, and not claimed against output tax. Input tax incurred on capital assets is to be capitalized along with the value of the capital assets.

Registration: Only taxable persons that make taxable supplies of goods and services of NGN 25 million or more (in a single transaction or cumulatively) per annum are required to register for VAT purposes. A nonresident company making taxable supplies in Nigeria is required to comply with the registration, charging, filing, payment, and other requirements expected of a Nigerian company.

Filing and payment: The tax period is a calendar month. VAT returns and payments of tax are due no later than the 21st day after the month of the transaction.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: Nigeria operates a contributory pension scheme, under which the employer is required to make pension contributions at a minimum of 10% of the employee's monthly emoluments. Employees also contribute a minimum of 8% of their monthly emoluments. While there is no limit to the amount that may be contributed by an employer, the minimum total contribution is 20% where the employer chooses to be responsible for the employee's portion of the contribution.

Employees earning the national minimum wage and above in the public sector, and self-employed individuals, are required to contribute 2.5% of their monthly emoluments to the National Housing Fund. Private sector employees are now excluded from compulsory compliance with this obligation (i.e., contributions are optional).

Payroll tax: There is no specific payroll tax, although Nigeria operates a PAYE scheme under which the employer withholds personal income tax due on employment income (see "Filing and payment" under "Compliance for individuals," above).

Capital duty: There is no capital duty.

Real property tax: There are taxes/levies that may be considered a real property tax, such as land-use charges, tenement rates, and ground rents. The taxes/levies are administered by the numerous subnational governments within Nigeria (see "Local taxes," below).

Transfer tax: There is no specific transfer tax, but see "Local taxes," below.

Stamp duty: The Stamp Duties Act sets out the details of dutiable transactions and applicable duties. Stamp duties are charged on various commercial and legal documents (referred to as "chargeable instruments"), such as transfers of deeds, insurance policies, bills of exchange, and electronic transactions. The documents are stamped at either a flat rate or an ad valorem rate. Penalties are applicable for failure to stamp the required documents.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There are no specific inheritance or estate taxes. However, a distribution from an estate is taxable in the hands of the beneficiaries, in line with the provisions of the Personal Income Tax Act. Donations or gifts may give rise to capital gains tax in some instances.

Other

Local taxes

States within the federation of Nigeria (currently, 36 states and the Federal Capital Territory) impose a variety of local taxes in their areas of jurisdiction. Local taxes include motor vehicle license/registration fees, consent fees for the transfer of real estate, property tax, gaming/casino tax, water rates, radio and television license fees, fees for business permits, etc. Local councils impose tenement rates and other levies. Each state has its own tax laws that apply within the state, imposing various taxes/levies. Companies and individuals doing business within the states are expected to abide by the state tax laws, as long as their provisions do not contradict relevant national/federal laws.

Information technology (IT) levy

The IT levy at a rate of 1% of pre-tax profit is payable by telecommunications companies, cyber companies, insurance companies, pension companies, banks, and other financial institutions whose turnover is NGN 100 million or more. The tax is self-assessed and must be paid within six months after the accounting year end. The IT levy paid is a deductible expense.

Police trust fund levy

Companies in Nigeria must pay 0.005% of net profits into the police trust fund. The fund, which was set up to address funding challenges in the police force, applies for six years as from 2019. However, the constitutionality and legality of key provisions of the law setting up the police trust fund are currently in contention in the courts of law in Nigeria.

National Agency for Science and Engineering Infrastructure (NASENI) levy

The NASENI levy at a rate of 0.25% of pre-tax profit is payable by commercial companies and firms with turnover of NGN 100 million and above, covering banking; mobile telecommunications; information communications technology; and the aviation, maritime, oil, and gas sectors.

Oil and gas content development fund

One percent of every contract awarded to an operator, contractor, subcontractor, alliance partner, or other entity involved in a project, operation, activity, or transaction in the upstream sector of the Nigerian oil and gas industry must be deducted at source and paid to the oil and gas content development fund. It is worth noting that, in practice, the 1% contribution may be extended to apply to contracts or transactions in the midstream and downstream sectors.

Cabotage fund levy

A surcharge of 2% of the contract amount for a vessel engaged in coastal trade must be paid to the Cabotage Vessel Financing Fund. The surcharge is based on gross earnings on contracts performed by the vessel and is deducted at source by the employer or charterer of the relevant vessel, based on the charter or freight invoice. The levy must be remitted to the Nigerian Maritime Administration and Safety Agency.

Industrial Training Fund (ITF)

The ITF is used to promote the acquisition of skills in Nigeria. Any employer having 25 or more employees in its establishment and not operating within an FTZ must, in respect of each calendar year or prescribed date, contribute an amount equal to 1% of its annual payroll to the fund. The amount is payable no later than 1 April of the year following the

tax year. The employer may obtain a refund of up to 50% of training costs incurred if its training program is in accordance with the ITF's reimbursement schemes.

Contribution under Employee Compensation Act (ECA) 2010

The ECA aims to provide safer working conditions for employees in both the public and private sectors. The contribution is 1% of total payroll costs, including share awards or benefits.

Tax treaties: Nigeria has concluded more than 15 tax treaties. Nigeria signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) on 17 August 2017.

Tax authorities: Taxation in Nigeria is administered by agencies of the three major tiers of government:

- The FIRS administers revenue laws that deal with taxes paid by domestic and foreign corporate bodies(limited liability companies);
- The Federal Capital Territory Internal Revenue Service and the revenue authorities of the 36 states in Nigeria primarily administer the Personal Income Tax Act and other levies collectable by each state; and
- The Local Government Revenue Committee is responsible for the assessment and collection of all taxes, fines, and rates under its jurisdiction and accounts for all revenue collected to the chairperson of the local government.

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