NIGERIA'S NEW VIRTUAL ASSETS TAX GUIDELINES: WHAT THEY SETTLE, AND WHAT THEY LEAVE OPEN

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INTRODUCTION

Virtual assets have moved from the margins of Nigeria's financial system to the centre of regulatory attention. Nigerians remain among the most active cryptocurrency users globally, engaging in trading, staking, NFT transactions and decentralised finance despite years of regulatory ambiguity.[1] That ambiguity has now been substantially narrowed.

On 31st July 2026, the Nigeria Revenue Service (NRS) published Information Circular No. 2026/21, titled the Guidelines on the Taxation of Virtual Assets (the "Guidelines").[2]The Guidelines draw their authority from section 4 of the Nigeria Revenue Service Establishment Act 2025, the Ninth Schedule to the Nigeria Tax Act 2025 (the "NTA"), and section 79 together with the Fifth Schedule to the Nigeria Tax Administration Act 2025 (the "NTAA"), alongside other relevant provisions under those Acts relating to VA.[3]

The Guidelines specify no commencement date, notwithstanding that several of the obligations introduced are not found in the NTA or the NTAA themselves. This leaves open a real question for any taxpayer or VASP assessing exposure on transactions carried out between 1 January 2026, when the NTA and NTAA took effect, and 31 July 2026, when the Guidelines were published.

The NRS's position is that the Guidelines create no new tax liabilities, and that they merely give administrative effect to obligations already existing under this statutory framework. That characterisation does not hold uniformly. Several of the obligations imposed, the dollar-referenced computation of gains and certain of the withholding duties in particular, appear on their face to go further than the NTA and the NTAA themselves provide, and we return to that point below. For individuals engaged in Virtual Assets (VA), Virtual Asset Service Providers (VASPs), Peer-to-Peer (P2P) marketplace operators, tax consultants and financial institutions operating in this space, the Guidelines now supply the operational detail that was previously missing.

PURPOSE AND SCOPE OF THE GUIDELINES

The purpose of the guidelines is to provide an administrative guide on the taxation of VAs in Nigeria, including:

(a) the tax obligations of persons engaged in VAs transactions;

(b) the registration, reporting, filing and record keeping obligations applicable to taxpayers and VAs service providers;

1. Chainalysis, *The 2025 Geography of Cryptocurrency Report* (Chainalysis, 2025) <https://www.chainalysis.com/reports/2025-geo-crypto-report/> accessed 8 September 2026.
2. Nigeria Revenue Service, *Guidelines on the Taxation of Virtual Assets* (Information Circular No 2026/21, 31 July 2026) <https://www.nrs.gov.ng/taxpayer-services/tax-guides-and-manuals> accessed 4 September 2026.
3. ibid para 3.0 (Legal Framework).

(c) the valuation and computation of taxable income arising from VAs transactions; and

(d) clarity in the administration and enforcement of the tax laws relating to VA.[4]

In terms of scope, the Guidelines apply to any person who acquires, disposes of, exchanges or otherwise deals in VA; receives income or any payment in the form of VA; operates as a VASP or P2P marketplace; derives income, profits or gains from VA that is liable to tax in Nigeria; or provides services relating to VA. In practical terms, this scope extends well past exchanges alone to capture individual traders, employers paying staff in crypto, NFT creators and marketplaces, and DeFi operators with a Nigerian connection.[5]

WHAT DO THE GUIDELINES CLASSIFY AS TAXABLE VIRTUAL ASSETS

The Guidelines sort virtual assets into six categories, each attracting a distinct tax treatment.

Category 1 covers cryptocurrencies and exchange tokens, including Bitcoin, Ether, Solana and BNB. These attract income tax on disposal gains and stamp duty on token-to-fiat and fiat-to-token transfers.

Category 2 covers stablecoins and payment tokens such as USDT, USDC and DAI. These also attract income tax on disposal gains and stamp duty on transfers, though the size of the assessable gain turns on whether the dollar-referenced computation described below is applied to Category 2 disposals as well as to Category 1.

If it is, the gain on a dollar-pegged token will ordinarily be nil or negligible. If it is not, Naira depreciation across the holding period will produce a substantial assessable gain on an asset that has not appreciated at all in dollar terms. The Guidelines should be read carefully on this point before any filing position is taken. Where a stablecoin generates yield, that yield component falls to be assessed separately under Category 4.

Category 3 covers security and investment tokens, including tokenised equity, revenue-sharing tokens, asset-backed tokens and tokenised bonds. These attract income tax on disposal gains, withholding tax on passive income, and stamp duty on transfers. Notably, the stamp duty exemption applicable to Nigerian stocks and shares under Section 184(h) of the NTA extends only to tokenised Nigerian stocks and shares specifically, not to Category 3 tokens generally.

Category 4 covers utility and governance tokens, including gaming tokens, access tokens, DAO governance votes, staking derivative tokens and DeFi receipt tokens. Disposal gains are taxable, and staking rewards, DeFi yield and liquidity rewards are

4. ibid para 2.0 (Purpose).

5. ibid para 4.0 (Scope of Application).

taxable as income at the point of receipt rather than at disposal.

Category 5 covers NFTs, with tax treatment turning on the taxpayer's status as creator, investor or trader, and on the economic substance of the transaction.

Category 6 covers the eNaira and foreign central bank digital currencies, which are treated as fiat currency and attract no virtual asset tax obligations.[6]

THE DOLLAR-REFERENCED GAIN METHODOLOGY

The Guidelines prescribe a distinctive method for computing assessable gains on Category 1 disposals. Rather than a straightforward Naira-to-Naira computation, the NRS requires that gains first be computed in US dollars and converted to Naira only at the point of disposal.

This approach responds to a real distortion. Where an asset is bought and sold across a period of Naira depreciation, a portion of the apparent Naira gain reflects currency movement rather than genuine appreciation in the asset.

The dollar-referenced methodology strips out that currency effect, so that only the real dollar-denominated gain, converted at the disposal date rate, is subject to tax.

Example: a taxpayer buys Bitcoin for ₦1,000,000 at an exchange rate of ₦1,000 to the dollar, giving a dollar cost base of $1,000. The Bitcoin is later sold at a rate of ₦1,500 to the dollar for proceeds of ₦1,970,000, equivalent to $1,313.33. The dollar gain is therefore $313.33, which converts to a taxable Naira gain of ₦470,000. A straight Naira computation would have produced an apparent gain of ₦970,000, meaning ₦500,000 of that figure reflects Naira depreciation and falls outside the tax net.[7]

Two qualifications worth noting are first, the Guidelines require that prices be sourced from an aggregator approved by the Service, and the list of approved aggregators has not, at the time of writing, been published meaning the methodology is not yet fully operable as drafted for any asset without a direct USD trading pair.[8] Secondly, the NTA computes taxable income and gains in Naira and contains no express provision for a US-dollar-denominated intermediate computation.

COST BASE METHOD AND LOSS TREATMENT

First In, First Out (FIFO) applies by default as the cost base method for virtual asset disposals, though a taxpayer may elect Weighted Average Cost instead, provided the election is applied consistently from the commencement of the taxpayer's virtual asset activity. Retrospective switching is not permitted.[9]

6. ibid para 5.0 (Classification and Tax Treatment of Virtual Assets).
7. ibid paras 9.1, 9.1.2 (Illustration 2).
8. Ibid para 9.2(2) (Assets not in USD).
9. para 9.3.3(3) (Gratuitous receipts)

Losses are treated more restrictively than gains. Virtual asset losses may only be set off against virtual asset gains, and cannot be offset against, or offset by, any non-VA income or loss.[10] Unutilised losses carry forward indefinitely, but only against future VA gains. A taxpayer with significant losses obtains no relief against other income in the same year, and a taxpayer who exits the asset class afterward may never generate the future VA gains needed to absorb the carried-forward loss at all.

TAXABLE AND NON-TAXABLE EVENTS

Taxable events include disposal of virtual assets for fiat currency, token-to-token swaps, payment for goods or services in virtual assets, employment income or professional fees received in virtual assets, mining and staking rewards, DeFi yield, airdrops with a realisable fair market value at the point of receipt, NFT sales, and collateral liquidation following default on a DeFi loan.

Non-taxable events include merely holding a virtual asset, transfers between wallets belonging to the same individual, locking assets into a staking or validation protocol, minting an NFT, tokenising a real-world asset without a change in beneficial ownership, receiving funds under collateralised loans, and wrapping or unwrapping tokens where beneficial ownership is retained throughout.[11]

Two points warrant particular attention. A token-to-token swap, such as exchanging ETH for BTC, is treated as a disposal of the asset given up, triggering an immediate obligation to compute gain on that leg of the transaction. Separately, an airdrop with no realisable market value at the date of receipt does not escape tax altogether; liability is instead deferred to the date of disposal, at which point

10. ibid para 9.4(5)–(7).

11. ibid para 7.0 (Taxable and Non-Taxable Events).

the full proceeds become taxable against a nil cost base.

PEER-TO-PEER TRANSACTIONS

The Guidelines set out three categories of P2P activity, and the collection mechanism differs sharply between them.

Category A covers a VASP-operated marketplace with escrow, where the VASP holds the seller's asset in escrow, matches the parties, confirms the fiat leg, and releases the asset on confirmation, carries the full collection obligations of a regular exchange VASP.

Category B involves a facilitation platform that matches parties without holding assets. Such a platform is treated the same way, but only where its activity is systematic enough to qualify it as a VASP in its own right. A platform that falls short of that threshold escapes the collection obligation entirely, an outcome that remains a point of interpretive uncertainty.

Category C comprises true off-platform bilateral transactions: wallet-to-wallet transfers, messaging-app arrangements, and in-person cash-for-crypto settlement, with no intermediary of any kind. These fall back entirely on annual self-assessment by the taxpayer, with no withholding or stamp-duty collection at source.[12]

This tiered structure exposes what is likely to be the most significant practical gap in the framework. A meaningful share of Nigerian virtual asset trading, particularly informal high-volume P2P activity conducted outside licensed platforms, falls squarely within Category C. For that segment, the Guidelines add no real collection existed under general self-assessment mechanism beyond what already principles; they simply confirm that the obligation to declare exists, without supplying any means of enforcing it at the point of transaction. Stakeholders who route P2P activity off-platform accordingly retain a materially different risk profile from those trading through escrow-based marketplaces, and this is likely to be the question of most immediate practical interest to persons active in this space.

APPLICABLE RATES OF TAX

The Guidelines prescribe the following rates:

Withholding tax on gross disposal proceeds for Category 1, 3 and 5 assets is set at 1%, deducted by the VASP from the token disposed of. Because the withholding applies to gross proceeds while income tax is assessed on the net gain, the two figures will diverge, sometimes significantly, where the gain is a small fraction of the proceeds.

The Guidelines treat the 1% as a credit rather than a final tax: the Naira equivalent of the token withheld is applied against the taxpayer's final self-assessed liability at the annual return stage, with any balance payable or refundable accordingly. A taxpayer with a

12. Ibid para 8.2 (Collection Mechanism for Peer-to-Peer (P2P) Activity)

modest gain, or a loss, should in principle be entitled to a refund of the excess withheld.

Withholding tax on staking rewards, mining rewards, airdrops and DeFi yield treated as passive income is set at 10%.

Withholding tax on professional and consultancy fees received in virtual assets is set at 5% or 10%, as applicable.

A more fundamental question attaches to all three of these withholding obligations: whether the NRS has vires to impose them through an information circular at all, given that the Withholding Tax Regulations 2024 constitute the primary instrument governing withholding tax in Nigeria, and the Guidelines do not purport to amend them.

Stamp duty on token-to-fiat and fiat-to-token transfers is set at 1.5%, withheld from the token credited to the transferee, with the fiat consideration paid in full. This flat application to every transfer, irrespective of value, sits uneasily alongside the general stamp duty exemption for electronic transfers of ₦10,000 or less.

If that threshold carries across to token-to-fiat and fiat-to-token conversions in the same manner as it applies to ordinary electronic transfers, a significant volume of low-value virtual asset transactions, such as small retail purchases or token top-ups, would fall outside the duty net altogether, and a blanket 1.5% charge on every transfer overstates the taxpayer's actual exposure. The Guidelines do not address this interaction, and the point deserves express treatment rather than silent adoption of a flat rate.

VAT applies at 7.5% to taxable supplies connected with virtual asset transactions, including exchange fees, brokerage commissions, custody fees and advisory services. The transfer of the virtual asset itself is not a taxable supply. Where virtual assets are used to pay for taxable goods or services, VAT applies to the underlying supply as though payment had been made in fiat.

Income tax on disposal gains applies to companies other than small companies at 30%, and to individuals at the progressive rates under the NTA. The 30% rate is not confined to VASPs: it reaches any company realising a gain on a virtual asset disposal.[13]

STAMP DUTY: INCIDENCE AND COLLECTION

On the mechanics of stamp duty specifically, the obligation attaches to both legs of a roundtrip transaction. On a purchase of crypto with fiat, duty is withheld from the tokens credited to the buyer, who receives the tokens net of duty while the seller receives the full fiat sum.

On a subsequent sale, the buyer in that transaction is the transferee of tokens, and duty is again withheld from the tokens credited to them.

13. Ibid, para 8.0 (Applicable Rates and Collection of Tax).

A taxpayer who both buys and later sells the same asset therefore bears stamp duty exposure on each transaction.[14]

The same duty attaches even where the token is never disposed of for value in Nigeria. Converting Naira into virtual assets for cross-border settlement is not treated as a taxable disposal for income tax purposes, but the stamp duty obligation crystallises at the point of conversion regardless, and is unaffected by the subsequent transmission of the token to an offshore recipient.[15] For corporate treasury stakeholders using virtual assets as a cross-border settlement rail, this means the 1.5% duty is a fixed cost of the conversion itself, payable whether or not the transaction otherwise attracts Nigerian tax, and must be weighed directly against whatever efficiency the settlement route is intended to deliver.

OBLIGATIONS OF VIRTUAL ASSET SERVICE PROVIDERS

VASPs and peer-to-peer marketplaces operating in Nigeria bear direct compliance obligations under the Guidelines. These include making a valid

Tax Identification Number a precondition for account activation, deducting and remitting withholding tax on taxable transactions in the originating token, collecting and remitting stamp duty, charging and remitting VAT on service fees, filing all prescribed returns, and maintaining records in accordance with the Fifth Schedule to the Nigeria Tax Administration Act 2025.[16]

Stamp duty withheld must be remitted to the Service by the 15th and 30th of the month in which the transaction occurs.[17] Income tax withheld follows the remittance timeline prescribed generally by the NTAA and the Deduction of Tax at Source Regulations. Both are remitted in token units rather than fiat, and for income tax, Naira conversion occurs only once, at the annual return stage.[18] For most platforms this is a systems build rather than a change of policy, but it is a build that needs to happen before the obligation can be met.

PENALTIES FOR NON-COMPLIANCE

Failure to deduct tax at source attracts 40% of the amount not deducted.

Failure to remit tax deducted at source attracts 10% per annum plus the CBN Monetary Policy Rate, in addition to the principal sum. VASP and P2P marketplace non-compliance attracts ₦10,000,000 for the first month and ₦1,000,000 for every subsequent month of default.[19]

WHAT TO DO NOW

1. Obtain a Tax Identification Number, where one is not already held, as this is a general requirement for any stakeholder engaged in VA activity.

14. Ibid, para 6.3 (Stamp Duties).
15. ibid para 6.3(8); para 9.5(2) (Cross-border Transactions).
16. Ibid, 12.1 (Obligations of VASPs).
17. Ibid, 6.3(10) (Stamp Duties)
18. Ibid, para 11.1 (Token-native remittance)
19. Ibid, para 13.0 (Non-compliance).

2. Fix a cost base method and apply it consistently going forward, since retrospective switching is not permitted.

3. Reconstruct historic acquisition records, including dates, quantities and USD cost bases, for all virtual assets currently held.

4. Review platform withholding architecture to confirm withholding tax and stamp duty can be deducted and remitted in token units as required.

CONCLUSION

The Guidelines mark the end of any residual argument that virtual asset gains fall outside the reach of Nigerian tax law.

What they principally introduce is an administrative structure for enforcing existing liabilities, complete with classification rules, a considered methodology for currency-adjusted gains, and firm obligations on VASPs as points of collection. For individuals and businesses active in this space, the relevant question is no longer whether tax is owed, but whether existing records, cost base calculations and filing positions can withstand scrutiny under the new framework.

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