



TaxC

TOP 5 TAX MYTHS IN NIGERIA

FREE BOOK

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Top 5 Tax Myths Nigerians Believe

Disclaimer

Before we dive in: This isn't to be taken as financial advice. This ebook is for educational purposes only. Always confirm your personal tax obligations with a professional or the relevant tax authority. Or, you can connect with a tax agent through TaxC.

Introduction

Many Nigerians avoid or fear taxes not because the system is impossible, but because of the wrong information they have heard over the years. In this short guide, I'll walk you through the most common tax myths people believe, and I'll clear them up in simple, direct English.

By the time you finish this book, you'll know exactly what's true, what's false, and how to stay on the right side of the new Nigerian tax rules.

Let's get started.

Myth 1: "Only rich people pay tax."

Reality:

If you earn income, you are expected to pay Personal Income Tax (P.I.T.), whether you earn small or big.

Under the new NTA rules, the first ₦800,000 of your annual income is completely tax-free. After that, your income is taxed based on the progressive brackets.

So tax is not “only for rich people.” It is for anyone earning taxable income.

Myth 2: “If I don’t have a salary job, I don’t pay tax.”

Reality:

Salary earners use PAYE, but everyone else uses Direct Assessment. That includes freelancers, traders, landlords, and anyone with a side hustle.

If you earn money, online or offline, you are likely tax-eligible.

Myth 3: “If my income is from abroad, Nigeria cannot tax me.”

Reality:

If you live in Nigeria for at least 183 days in a year, you are considered a tax resident. That means Nigeria can tax your worldwide income, including foreign remote jobs.

Foreign income does not automatically make you tax-exempt.

Myth 4: “Students don’t pay tax.”

Reality:

Students do not pay tax on parental allowance or support. Those are not income.

However, students who earn money, from freelancing, content creation, part-time jobs, tutoring, online gigs, or business, are tax-eligible.

Being a student is not an exemption from tax.

Myth 5: “If nobody catches me, I don’t have to pay tax.”

Reality:

Not paying tax when you’re supposed to can lead to penalties, debt, or even restrictions when applying for visas, government access, or major financial services.

The new NTA also gives states and FIRS stronger enforcement powers. It’s better to file correctly than to wait for issues later.

Bonus Myth: “Tax is too complicated. I can’t do it.”

Reality:

With the new tax calculator and simplified rules, it’s becoming easier than ever to understand what you owe. You don’t need to know everything, just the basics. And TaxC is here to guide you step by step.

Conclusion

Misunderstanding taxes can lead to stress, penalties, or unnecessary fear. But once you know the truth, tax becomes a lot simpler.

The key things to remember are:

- tax is based on income, not status;
- students can be taxable if they earn;
- foreign income can be taxable if you live in Nigeria;
- the first ₦800,000 of income is tax-free;
- and paying tax protects you from future problems.

Ready for the next guide?

Up next: “How Much Tax Should I Pay? (Mini Guide)”

Let’s keep learning.