Highlights of new tax laws starting January 1, 2026

Consolidation and simplification
The new tax laws repeal and consolidate multiple existing tax statutes, such as the Companies Income Tax Act, the Personal Income Tax Act, the Value Added Tax Act, and the Capital Gains Tax Act, into a single tax regime.

This strategy is aimed at reducing ambiguity, eradicate duplication and the age-long multiple tax crisis among different levels of government and misunderstanding. It is also intended to make it easier for taxpayers to easily understand and comply with their tax obligations.

Relief for individuals and small businesses
Personal Income Tax: Workers earning less that N800,000 annually are now completely exempt from personal income tax.

Company Income Tax
Companies with an annual turnover of up to N100 million and total fixed assets not exceeding N250 million are now exempt from CIT, Capital Gains Tax, and the new Development Levy. This is a significant increase from the previous turnover threshold of N25 million.

VAT exemptions
The new regime removes Value-Added Tax on a range of essential goods and services, including basic food items, educational books and tuition, and shared road transport services. This is to ease financial burden on everyday citizens.

Review of Corporate and Capital Gains Tax

Capital Gains Tax
For companies, the CGT rate is increased from 10% to 30%, aligning it with the Companies Income Tax rate. For individuals, capital gains will now be taxed at the applicable progressive income tax rate based on their income band.

Tax on Digital and Virtual Assets
The new laws broaden the tax base to include profits from digital and virtual assets, reflecting modern economic transactions.

Development Levy
A four percent Development Levy has been introduced, which replaces several smaller sundry levies. This applies to assessable profits for all companies except for small companies and non-resident entities.

Incentives and Economic Development

The Pioneer Status Incentive regime has been replaced with the Economic Development Tax Incentive. This new regime provides tax benefits for a longer duration (up to 20 years) for businesses in qualifying sectors.

Companies just setting out in the agricultural sector are now exempt from income tax for their first five years of operation in the country to encourage investments in agric-based businesses, encourage production and enhance food security.

As from January 1, 2026, profits from goods exported from Nigeria are exempt from income tax, provided the proceeds are repatriated back to the country through official legal routes.

Administrative reforms

The new laws establish the Nigeria Revenue Service (NRS) as the sole body responsible for collecting federally chargeable taxes, aiming to unify a previously fragmented system.

The Nigeria Tax Administration Act introduces a unified procedural framework for tax administration, including provisions for advance tax rulings, and enhances the enforcement powers of the tax authorities.

Also, an Office of the Tax Ombudsman is created as an independent body to resolve complaints and disputes between taxpayers and tax authorities.