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Taxation of Virtual Assets in Nigeria:
A Review of the NRS Guidelines

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INTRODUCTION

For much of the past decade, virtual assets faced regulatory pushback but have gradually gained ascendancy within Nigeria's legal and fiscal system. The Central Bank of Nigeria ("CBN") initially restricted banks and other financial institutions from operating accounts for cryptocurrency service providers in view of the money laundering and terrorism financing risks and vulnerabilities inherent in their operations as well as the absence of regulations and consumer protection measures. In 2023, the CBN issued the Guidelines on Operations of Bank Accounts for Virtual Assets Service Providers ("VASPs")[1] officially permitting banks and other financial institutions to maintain accounts for the Securities and Exchange Commission-licensed VASPs, subject to the 2023 guidelines. The Securities and Exchange Commission ("SEC") issued rules on the issuance, offering platforms and custody of digital assets in 2022[2] and recognised virtual and digital assets under the Investments and Securities Act, 2025 ("ISA")[3].

Following the enactment of the Nigeria Tax Act 2025 ("NTA"), the Nigeria Tax Administration Act 2025 ("NTAA"), and the Nigeria Revenue Service (Establishment) Act 2025, the statutory architecture for taxing virtual assets was established. The NTA included income, profits or gains from transactions in digital or virtual assets as chargeable to tax[4]. On 31st July 2026, the Nigeria Revenue Service ("NRS") issued the Guidelines on the Taxation of Virtual Assets ("the Guidelines").[5] The Guidelines provide an administrative framework explaining how existing tax laws apply to virtual assets ("VA") and VA transactions. They are addressed to taxpayers, VASPs, Peer-to-Peer ("P2P") marketplace operators, tax consultants, financial institutions and all persons engaged in VA activities.

This newsletter reviews how the Guidelines classify virtual assets, the taxes that apply, the events that do and do not trigger tax liabilities, the distinctive Dollar-referenced method for computing gains, the applicable rates and collection mechanisms, and the obligations and penalties that now apply to dealing in virtual assets.

VIRTUAL ASSETS IN PLAIN TERMS

Under the NTAA, virtual asset means:

> **"a *digital representation of value that can be digitally traded or transferred and used for payment, investment, or other financial purposes which include cryptocurrencies, tokens and digital collectibles...*"[1]**

In simple terms, a virtual asset is something of value that exists only in digital form and can be held, transferred or traded electronically. The best-known examples are cryptocurrencies, but the broader category also includes stablecoins (tokens pegged to a currency such as the US Dollar), tokenised securities that represent interests in shares or bonds, utility and governance tokens used within

[1] The CBN Circular of 22nd December 2023 FPR/DIR/PUB/CIR/002/003 accessed on 31st August 2026.
[2] https://www.sec.gov.ng/documents/8/Rules-on-Issuance-Offering-and-Custody-of-Digital-Assets.pdf accessed on 31st August 2026.
[3] Sections 3(3)(b) and (i) of the Investment and Securities Act 2025 grant SEC regulatory oversight over virtual and digital asset exchanges, virtual asset service providers and digital asset operators.
[4] Section 4 (1)(j) of the Nigerian Tax Act 2025.
[5] Nigeria Revenue Service, Guidelines on the Taxation of Virtual Assets, Information Circular No. 2026/21 ("the Guidelines").

particular platforms, and non-fungible tokens ("NFTs") representing digital art or collectibles. For tax purposes in Nigeria, virtual assets do not include national currencies and foreign national currencies; electronic money licensed by the CBN; instruments that provide holders with access to products, services or benefits such as loyalty programs and other reward systems and digital representations of other assets whose issuance, bookkeeping, trading or settlement is provided for under the ISA[6].

The 2025 tax reforms, together with the Guidelines, confirm that ordinary tax rules apply to virtual assets in the same way as to any other economic activity. Anyone who earns income, profit or gain from virtual assets may be taxed[7] including Nigerian residents and non-residents with significant economic presence in Nigeria. In broad terms, profits and gains are subject to income tax. Likewise, taxable services supplied in relation to virtual assets are generally subject to the 7.5% value-added tax ("VAT")[8] and fiat-to-token and token-to-fiat conversions are subject to a 1.5% ad valorem stamp duty.[9] In addition, income generated from activities such as staking or mining rewards is taxable, typically with 10% withheld at source.[10]

LEGAL BASIS AND SCOPE

The Guidelines derive their authority from section 4 of the Nigeria Revenue Service (Establishment) Act 2025, the Ninth Schedule to the NTA, and section 79 and the Fifth Schedule to the NTAA.[11] They are deliberately broad in reach, applying to any person who acquires, disposes of, exchanges or otherwise deals in VA, receives income or payment in VA, operates as a VASP or P2P marketplace, or provides services relating to VA.[12] Non-residents are not excluded, as the Guidelines apply the Significant Economic Presence ("SEP") and Nigerian-source income rules to VA activities by non-residents, in the same way as to any other taxable individual or business.[13]

The Guidelines do not create a new tax, rather, they explain how the existing taxes (income tax, WHT, VAT and stamp duty) apply to virtual assets. They also do not displace the sector's current regulation. In essence, while the NRS governs the tax treatment of virtual assets, the SEC regulates virtual assets that fall within the scope of securities or investment products under the ISA.[14] This means businesses dealing in such assets must comply with both laws.

THE APPLICABLE TAXES

A single VA transaction may attract more than one tax. Income tax, WHT, VAT or stamp duty can each arise from different taxable events within the same transaction.[15]

Income Tax

Individuals and companies who are residents are taxable on income, profits and gains from VA transactions. Companies (other than small companies) pay income tax on their virtual asset income,

[6] Paragraph 8 (a-d), Fifth Schedule ibid.
[7] Section 4 (1)(j) of the Nigerian Tax Act 2025.
[8] Section 148 ibid.
[9] Ninth Schedule ibid.
[10] Section 8.1 of the Guidelines.
[11] Section 3 ibid.
[12] Section 4 ibid.
[13] Section 6.1.3 ibid.
[14] Section 3 (3)(b); 357 ISA.
[15] Section 6.0 of the Guidelines.

profits and gains at the same 30% rate as non-virtual asset transaction income, profits and gains[16], while individuals are taxed at the progressive personal income tax rates.[17] Taxable income for individuals includes disposal gains, employment or professional income received in VA, mining, staking and Decentralised finance ("DeFi") rewards, investment yields, liquidity mining incentives, protocol rewards, royalties, and every other income arising from VA activities that is chargeable to tax under the NTA.[18] Income is calculated at fair market value ("FMV") on the date the taxpayer acquires unrestricted ownership or control of the asset.[19] For companies, taxable income includes income from trading in VA, operating VA exchanges, transaction fees charged by VASPs, brokerage commissions, custody services, wallet administration services, mining operations, staking activities, decentralized finance activities, investment gains and any other income or profit arising from VA business activities. Non-residents engaging in VA transactions are taxed when they derive income, profits or gains from Nigeria in accordance with the NTA and NTAA. To this effect, a non-resident with SEP in Nigeria will be liable to tax in relation to their VA transactions.[20]

Value Added Tax

VAT is a consumption tax charged on the value added on the supply of goods and services. In the virtual-asset context, the transfer of ownership of a VA does not, of itself, constitute a taxable supply. VAT (at 7.5%) applies to the services connected with VA transactions, including exchange fees charged by VASPs, brokerage commissions, custody fees, wallet management fees, transaction facilitation fees, digital platform service fees, listing and advisory fees and to any underlying supply of goods or services paid for in VA. A self-charge applies where a non-resident supplier does not charge the Nigerian VAT. In this case, the resident company, a recipient of the service, is required to self-charge and account for the 7.5% VAT.[21]

Stamp Duty

Stamp duty at 1.5% applies to TOKEN-to-FIAT and FIAT-to-TOKEN transfers[22] under item 33 of the Ninth Schedule to the NTA. It is borne by the transferee of the token, withheld by the VASP in token units from the tokens credited to the transferee, and does not reduce the fiat consideration payable. The duty crystallises at the point of conversion in Nigeria and is unaffected by any onward transmission of the token offshore.[23] Using a virtual asset to settle a transaction does not exempt the underlying instrument from any stamp duty it independently attracts under the Ninth Schedule of the NTA. Any duty on virtual-asset transfer is separate from any duty on the underlying instrument, so both may apply to the same transaction.[24] The practical effect is that the VASPs, not the taxpayer, are the front-line collection agent. They withhold the stamp duty (and, on disposals, the income-tax deduction) in the token itself before crediting the counterparty.

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[16] Section 56 Nigeria Tax Act 2025.
[17] Section 58 (1); Fourth Schedule ibid.
[18] Section 6.1.1 (2) of the Guidelines.
[19] Section 6.1.1 (3) ibid.
[20] Sections 6.1.1–6.1.3 ibid.
[21] Section 6.2 ibid.
[22] This means converting a virtual asset into fiat currency, for example selling crypto for naira, and acquiring a virtual asset with fiat, for example buying crypto with naira.
[23] Section 6.3 of the Guidelines; item 33, Ninth Schedule to the NTA.
[24] Section 6.3(4) – (10) of the Guidelines.

TAXABLE AND NON-TAXABLE EVENTS

Under the Guidelines, the purchase of VA for fiat currency, exchange of one VA for another, the use of VA to pay for goods or services, the receipt of employment income, or professional and consultancy fees, in VA, receipt of mining or staking rewards, together with taxable airdrops and hard-fork distributions, taxed as income at receipt, sale and secondary resale of NFTs, with royalties to creators taxed as income, and the liquidation of VA pledged as collateral following a DeFi loan default, all form part of taxable events, while, simply holding a VA, and any unrealised appreciation in its value, transfers between wallets or accounts of the same beneficial owner, locking tokens into a staking arrangement, minting of an NFT, as distinct from its later sale, the tokenisation of a real-world asset where beneficial ownership does not change, the receipt of loan proceeds against VA collateral, and holding or transacting in sovereign digital currency, are non-taxable events.[25]

Wrapping a token, like turning Bitcoin into Wrapped Bitcoin ("WBTC"), so it can be used on another network or depositing a token into a platform in return for a 'receipt token' that simply records the deposit (for instance, staking Ether and receiving stETH in return) are treated as non-taxable events[26]. As long as the holder of the VA still owns the underlying asset, wrapping it or swapping it for a receipt token is not a sale, so no tax is triggered. Tax becomes due only when the VA is actually disposed.

CLASSIFICATION OF VIRTUAL ASSETS

A central feature of the Guidelines is that not all virtual assets are treated alike. NRS divides them into six categories, each with its own tax treatment.[27] The Guidelines set out a six-way categorisation of virtual assets in Section 5. The categories are:

A. **Cryptocurrencies and Exchange Tokens (Category 1):** This category includes virtual assets that function as a medium of exchange, a store of value, or a unit of account. These virtual assets are not tied to any fiat currency or asset, and their values fluctuate based on supply and demand. Gains from their sale are subject to income tax, and stamp duty may apply to certain token transfers. Examples include Bitcoin, Ether, Solana, etc.

B. **Stablecoins and Payment Tokens (Category 2):** This category includes virtual assets that are measured against a fiat currency and function as a payment and settlement instrument. Their tax treatment is the same as Category 1. However, where a stablecoin pays a yield or investment return, income tax on gains and disposal applies. Examples include Tether (USDT), USD Coin (USDC), Binance USD (BUSD), PayPal USD (PYUSD), etc.

C. **Security and Investment Tokens (Category 3):** This category includes virtual assets that represent an economic interest in an underlying asset, enterprise, or cash flow and are registered as securities and regulated under the ISA. The tax treatment is the same as in Category 1. Gains are taxable, and stamp duty. Examples include tokenised equity, revenue sharing tokens, asset-backed tokens, tokenised bonds, and other tokenised assets. Section 185(h) of the NTA exempts all documents relating to the transfer of stocks and shares from

[25] Sections 7.1 and 7.2 ibid.
[26] Section 10 ibid.
[27] Section 5 ibid.

stamp duty, however, this exemption applies only to tokenised Nigerian stocks and shares, not to all tokens under this Category 3 according to the Guidelines.

D. **Utility and Governance Tokens (Category 4):** These include VAs that provide access to a specific product, platform or protocol. They also include tokens that generate yield, such as staking rewards and Decentralised Finance ("DeFi") returns. Income tax is imposed on gains from the sale. DeFi and liquidity mining rewards are subject to income tax at the point of receipt, based on their cost of acquisition.[28]

E. **Non-fungible Tokens ("NFTs (Category 5):** These include unique digital assets such as digital art, music NFTs, collectibles, and property NFTs. Their tax treatment varies based on economic substance and the status of the creator, investor, or trader. In their case, specific rules for certain transactions and airdrop calculations will apply.

F. **Sovereign Digital Currency (Category 6):** The eNaira and foreign Central Bank Digital Currencies (CBDCs) held by residents are treated as fiat currency and sit outside the VA framework.

THE DOLLAR-REFERENCED GAIN COMPUTATION

The Guidelines introduce a reference to the United States Dollar ("USD") in computing taxable income in Naira for Category 1 VAs and gains on disposal for Category 2 VAs. The Guidelines require that gains be computed with reference to the VA's USD value, with only the resulting Dollar gain converted into Naira for tax purposes. For Category 1 VAs, income tax on disposal is computed by determining the Naira tax liability in relation to the USD value of the asset at acquisition and at disposal. For Category 2 VAs, gains are measured against the underlying pegged fiat currency and will, in normal circumstances, be nil or negligible.[29]

CROSS-BORDER TRANSACTIONS AND NON-RESIDENT TAXPAYERS

Given the inherently cross-border nature of virtual asset transactions, the Guidelines have clarified the circumstances in which such transactions may be taxable. Three points stand out[30]:

a. **Non-residents can be taxed in Nigeria:** Non-resident persons may be subject to Nigerian tax where there is Significant Economic Presence (SEP)[31] or income from Nigeria. The fact that a VASP is incorporated outside Nigeria does not, by itself, place its activities outside the Nigerian tax net.

b. **Stamp duty follows the Nigerian conversion:** The 1.5% stamp duty applies where a virtual asset is converted to or from Naira in Nigeria, even where the resulting virtual asset or proceeds are subsequently transferred to a wallet or recipient outside Nigeria.[32] The VASP or other recognised intermediary is responsible for collecting and remitting the duty in accordance with the Guidelines.[33]

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[28] Section 9.5 (4) ibid.
[29] Section 9.1.1 ibid.
[30] Section 6.1.3 ibid.
[31] Section 17 of the Nigerian Tax Act
[32] Section 6.3 of the Guidelines; item 33, Ninth Schedule to the NTA.
[33] Section 6.3 (2) of the Guidelines.

c. **VAT on cross-border services is accounted for through a self-charge mechanism:** Where a non-resident VASP supplies a taxable service to a Nigerian customer without charging the Nigerian VAT, the Nigerian recipient is required to 'self' account for the applicable 7.5% VAT.

Therefore, setting up a transaction offshore will not, by itself, take a Nigerian virtual asset transaction outside the Nigerian tax net.

OBLIGATIONS OF TAXPAYERS AND VASPS

Every person engaged in VA activities must register for tax and obtain a Tax ID, and VASPs and P2P escrow operators must make a valid Tax ID a precondition for activating a customer's account.[34]
The Guidelines made the VASPs NRS'collection and reporting agent by placing on them the obligations to make a valid Tax ID a condition of account activation, deduct income tax at source on taxable customer transactions, collect stamp duty in token units on TOKEN/FIAT and FIAT/TOKEN conversions, charge and account for VAT on taxable supplies, remit tax collected and withheld, file the prescribed returns, and maintain records in line with the NTAA.

Each obligation carries penalties for non-compliance under the Guidelines. The penalties that attach to the obligations are significant and are without prejudice to any other penalty, interest or offence imposed under the NTAA or other law.[35] The penalty for failure to register for tax with the NRS is NGN50,000.00 for the first month and NGN25,000.00 for each month thereafter. Failure to file returns, or the filing of incomplete returns, attracts a NGN100,000.00 fine for the initial month and NGN50,000.00 for subsequent months.

WHAT TAXPAYERS SHOULD DO

The Guidelines convert a previously informal area into a set of enforceable obligations. Taxpayers and businesses active in virtual assets should, at a minimum, take the following steps:

1. Register and obtain a Tax ID
2. Classify their VA holdings by category, as the Guidelines have done, to easily identify how the profits and gains on the income will be taxed
3. VASPs and P2P operators should revisit their onboarding process to ensure conformity with the obligations imposed on them in the Guidelines
4. Keep monitoring the NRS for further updates on the regulation of VA taxation.

CONCLUSION

Taken together, the Guidelines have provided a clear and workable explanation of how VAs are to be taxed following the 2025 tax reform that recognized them as taxable.

For anyone holding or dealing in virtual assets, staying compliant now means a few new things. Firstly, obtain a Tax Identification Number, since exchanges cannot activate an account without one. Next, keep proper records, including the US Dollar cost and disposal value of each asset, for at least six years. Also identify which of the six categories each holding falls into because that tax treatment differs, and file and pay on time because the penalties for getting it wrong are significant.

[34] Section 12 ibid.
[35] Section 13 ibid.

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