

‘Freight Tax’ and Port Access

What Nigeria’s New Tax Regime Means
for Shipping Companies, Cargo Owners
and Maritime Operators

Introduction

For shipping companies, cargo owners and maritime operators, the cost of doing business in Nigeria is no longer only a question of freight rates, port dues, terminal charges or maritime levies. The tax treatment of freight-related income has become a direct compliance and transaction issue. Under the Nigeria Tax Act, 2025 ("NTA"), a non-resident person engaged in transport by sea or air may be chargeable to tax in Nigeria where a ship or aircraft owned, leased or chartered by it calls at a Nigerian port and profits arise from the carriage of passengers, mails, livestock or goods shipped from, or loaded into an aircraft or ship, in Nigeria.¹

Although the statutory provision applies to both shipping and air transport, this article focuses on the maritime implications.² Freight tax compliance is no longer a back-office matter for tax teams alone. It now affects documentation, port access, regulatory approvals, contract allocation of tax risk, shipping agency processes and the timing of cargo movement.

At a Glance Four Overlapping Compliance Regimes

01	02	03	04
Nigeria Tax Act 2025	Tax Administration Act 2025	NPA Act 1999	NIMASA Act 2007
Income tax charge on freight profits (Section 18).	Monthly filing and remittance rhythm.	Harbour dues, ships' dues and port clearance.	Maritime levies, safety and flag-state duties.

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The Taxable Trigger: Port Calls and Nigeria-Linked Carriage

Section 18 of the Nigeria Tax Act establishes the circumstances in which the profits of a non-resident operator engaged in international sea or air transport become subject to Nigerian tax. The provision applies where a non-resident person carries on the business of transport by sea or air, and any ship or aircraft owned, leased or chartered by it calls at any port in Nigeria. In that circumstance, the non-resident person is chargeable to tax on profits arising from the carriage of passengers, mails, livestock or goods shipped from or loaded into an aircraft or ship in Nigeria.³ The taxable profits are therefore linked to transportation activities originating in Nigeria rather than to the carrier's worldwide operations.

Accordingly, the taxable nexus under Section 18 is not established merely by a foreign carrier's income from international transportation. Instead, the legislation requires a clear territorial connection with Nigeria, as reflected in both a Nigerian port call and carriage connected to passengers, mail, livestock, or goods shipped from or loaded in Nigeria. Both elements must be present before the charge under Section 18 is engaged. This dual requirement defines the boundary of Nigeria's taxing rights over non-resident transport operators and signals a territorial approach to the taxation of international shipping and aviation income.

There is, however, an important limitation. Section 18 does not apply to passengers, mail, livestock, or goods brought into Nigeria solely for trans-shipment, transfer from one aircraft to another, or transfer from an aircraft to a ship, or vice versa.⁴ This distinction matters for shipping lines, cargo interests, and logistics operators because trans-shipment cargo should not be treated the same as cargo shipped from or loaded in Nigeria for Section 18.

Operators should therefore ensure that their documentation clearly distinguishes between export cargo, inward cargo, transshipment cargo and transfer cargo. This is not only a tax issue. Under the Nigerian Ports Authority Dues & Rates Regulations: 2021, shipping companies are required to furnish documents including the manifest, Ship Entry Notice, stowage plan, part discharge certificate where necessary, transfer and acceptance of ship agency where necessary, and bill of lading in the case of petroleum products. The Regulations further require the manifest and other certified documents to be uploaded at least 24 hours before arrival of the vessel at berth, additional manifest not later than 24 hours after the vessel has berthed, and export manifest prior to departure of the vessel from berth.⁵

The Section 18 Test: Both elements must be present

ELEMENT I

Nigerian Port Call

A ship or aircraft owned, leased or chartered by the operator calls at a port in Nigeria.



ELEMENT II

Nigeria-Linked Carriage

Carriage of passengers, mails, livestock or goods shipped from or loaded in Nigeria.



RESULT

**Tax
Charge
Engaged**

How the Tax is Computed

The Nigeria Tax Act provides a specific method for determining the Nigerian profits of a non-resident shipping or air transport operator. Where the Nigeria Revenue Service is satisfied that the operator's country of residence applies a broadly similar basis for taxing shipping or airline profits, the Service may determine the operator's Nigerian profit or loss by applying its global adjusted profit ratio and global depreciation ratio to the revenue earned from Nigeria-linked transport activities.⁶

Where that method cannot be satisfactorily applied, the Act allows the total profits to be determined either by multiplying the turnover generated from Nigeria by the relevant profit margin, or by computing the profits deemed to be derived from Nigeria on a fair percentage of the gross revenue from the carriage of passengers, mails, livestock and goods shipped from or loaded in Nigeria.⁷

The most commercially important provision is the minimum tax rule. As drafted, Section 18(6) provides that the tax payable by a person for any year of assessment shall not be less than 2% of gross revenue in respect of the relevant carriage covered by the provision, and that the tax shall be computed, assessed and paid every month.⁸

For shipping companies, this creates a cash-flow issue. It is not enough to wait until year-end to reconcile freight income. The law contemplates monthly computation, assessment and payment. Freight pricing, agency agreements, voyage accounting and customer invoicing should therefore be reviewed to ensure that Nigeria-linked gross revenue is properly identified and recorded.

Section 18(6): The Minimum Tax Rule at a Glance

MINIMUM RATE 2% of gross revenue on the relevant Nigeria-linked carriage	PAYMENT CADENCE Monthly tax computed, assessed and paid every calendar month	NATURE Absolute Floor Applies irrespective of the profit-based computation route selected.
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Monthly Returns: The New Compliance Rhythm

The Nigeria Tax Administration Act, 2025, gives practical effect to the monthly compliance obligation. Section 21 requires a non-resident person engaged in the operation of transport by sea or air into Nigeria to file monthly returns with evidence of payment of the tax specified under Section 18 of the Nigeria Tax Act.⁹

The return must be filed not later than the 21st day of the following month.¹⁰ It must contain a detailed gross revenue statement for the Nigerian operations for that month, showing the total amounts receivable during the period. It must be supported by all invoices issued to the relevant customers.¹¹

This is a major documentation point as the monthly return is not simply a declaration of tax payable. It requires a gross revenue statement and customer invoices. Shipping companies and agents are to ensure that voyage-level records, freight invoices, bills of lading, manifests and customer documentation are consistent.

Section 21 also makes clear that filing monthly freight returns does not exempt the company from filing annual returns or from filing returns and paying tax in respect of non-freight operations or other incidental income.¹² This is important because Section 18 of the Nigeria Tax Act does not apply to income or profits arising from leasing vessels or containers, non-freight operations or other incidental income. Those categories are chargeable to tax under other relevant provisions of the Act.¹³

The practical result is that operators should separate their income streams. Freight income, container leasing income, vessel leasing income, agency income and other incidental receipts should not be grouped without tax analysis. Each category should be reviewed to determine the correct tax treatment.

Monthly Filing Cycle Section 21, Tax Administration Act 2025



Separate the income streams. Section 18 does not extend to income from leasing vessels or containers, non-freight operations, or other incidental income — each is chargeable under other provisions of the Act. Freight income, container leasing income, vessel leasing income, agency income and other incidental receipts should not be grouped together without a tax analysis.

Port Access and Regulatory Approvals

The strongest client-facing point in the new tax framework is the link between tax compliance and regulatory access. Section 18(g) of the Nigeria Tax Act provides that regulatory agencies in the shipping and air transport sectors, and other relevant sectors, shall, as a condition for carrying on business in Nigeria or obtaining relevant approvals or permits, mandate persons taxable under Section 18 to present evidence of income tax filing for the preceding tax year, tax clearance certificates showing income taxes paid for the three preceding tax years, or evidence of tax declaration and payment in respect of the intended carriage or shipment.¹⁴

This provision changes the compliance conversation to mean that the payment of tax and its documentation are now part of the practical process for obtaining approvals, permits, or regulatory comfort in the shipping sector. It also means that a carrier's tax status may affect the timing of port-related or shipment-related activities.

The Nigerian Ports Authority Act 1999 is central to this discussion. The NPA is statutorily responsible for providing and operating port facilities, maintaining and regulating the use of ports, and providing facilities for berthing, loading, unloading, warehousing and handling goods.¹⁵ Importantly, the NPA Act also contains a separate regime for harbour dues, ships' dues, rates, liens on goods, and the withholding of clearance until dues or rates are paid.¹⁶ For shipping companies and cargo owners, this means that the financial burden of a Nigerian port call extends beyond the income tax charge under the Nigeria Tax Act. It encompasses a distinct layer of port-related levies and regulatory obligations imposed under the NPA Act, compliance with which is a precondition to the free movement of vessels and goods from Nigerian ports.

It is crucial to note that these port dues and rates are distinct from freight tax. Although they operate within the same commercial environment, their obligations are distinct. A shipping company that complies with port dues but cannot produce the tax evidence required under the Nigeria Tax Act may still encounter regulatory difficulties. Conversely, tax compliance does not eliminate the need to adhere to port dues, rates, and operational requirements under the NPA framework.

Section 18(g) · The New Gate · Three tax-evidence options for approval

OPTION A

Prior-Year Filing

Evidence of income tax filing for the preceding tax year.

OPTION B

3-Year Tax Clearance

Tax clearance certificate for the three preceding tax years.

OPTION C

Voyage-Specific

Evidence of tax declaration and payment for the intended carriage or shipment.

NIMASA Levies and the Wider Maritime Compliance Environment

The Nigerian Maritime Administration and Safety Agency Act 2007 is also relevant to the discussion, not because it imposes a freight tax, but because it regulates the maritime environment within which shipping companies operate. The Act applies to ships, small ships, and crafts registered in Nigeria. It extends to foreign-flagged ships, small ships, and crafts in Nigeria's exclusive economic zone, territorial and inland seas, inland waterways, and ports.¹⁷

NIMASA's functions, amongst others, include pursuing the development of shipping, administering ship registration and licensing, regulating maritime safety standards, performing port and flag State duties, and providing maritime security.¹⁸ The Act also empowers the Agency to impose charges and levies, including charges for services or facilities provided by the Agency and fees relating to licences, approvals, permissions, permits, registrations or exemptions under relevant maritime legislation.¹⁹ Unpaid charges and penalties may also be recovered as debts due to the Agency.²⁰

It is important to distinguish these maritime charges and levies from the freight tax imposed under Section 18 of the Nigeria Tax Act. The two operate under separate legislative frameworks, serve different policy objectives, and are administered by different authorities. However, from the perspective of a shipping company, cargo owner or maritime operator, the practical reality is that shipping operations involving Nigeria are now subject to several overlapping compliance regimes. These include the income tax charge on freight profits under the Nigeria Tax Act, periodic filing and remittance obligations under the Nigeria Tax Administration Act, port dues and rates payable under the NPA Act, and maritime levies administered by the Nigerian Maritime Administration and Safety Agency. Each regime carries its own triggers, timelines and enforcement mechanisms, and non-compliance with any one of them may independently impede the smooth conduct of shipping operations in or from Nigerian ports.

What Businesses Should Do Now

Scope Test

The first step for shipping companies is to examine their operations and determine whether they fall within the scope of Section 18. The key questions are straightforward but demand careful analysis: whether the operator is non-resident; whether it carries on the business of transport by sea or air; whether the ship or aircraft is owned, leased or chartered by it; whether there is a Nigerian port call; and whether the relevant revenue arises from the carriage of passengers, mails, livestock or goods shipped from, or loaded in, Nigeria. A structured self-assessment against these statutory elements will clarify whether a Section 18 obligation exists and, if so, its scope.

Monthly Compliance Calendar

Moreover, operators that fall within the charge should establish a monthly compliance calendar. Given that returns must be filed by the 21st day of the month following the relevant period, freight records should be reconciled well in advance of that deadline. Waiting until the annual audit or year-end reconciliation is not a viable approach under this regime and may create avoidable exposure to penalties and interest.

Document Consistency

Furthermore, shipping companies and agents should ensure that operational documents are consistent with tax records. Bills of lading, freight invoices, cargo manifests, freight lists and gross revenue statements should tell a coherent and unified story. Discrepancies between commercial shipping documents and tax filings are likely to attract scrutiny and may complicate the resolution of any queries raised by the Nigeria Revenue Service.

Contractual Tax Allocation

In addition, contractual arrangements across the shipping chain should clearly and properly allocate tax responsibility. Charterparties, freight agreements, agency agreements and customer contracts should address who bears Nigerian freight tax exposure, who is responsible for preparing and maintaining supporting documentation, who interfaces with the Nigeria Revenue Service, and who bears the financial consequences of non-compliance. Silence on these matters in existing agreements is a risk that should be addressed proactively.

Counterparty Due Diligence

Finally, cargo owners and import/ export businesses should conduct due diligence on their counterparties. Even where the primary tax obligation falls on the non-resident carrier, the movement of cargo can still be disrupted if a carrier is unable to produce the tax documentation required for approvals or shipment-related processes. Supply chain continuity, in this context, depends not only on a party's own compliance but on the compliance posture of those it contracts with.

Conclusion

Nigeria's freight tax rules should be understood as more than a tax assessment mechanism. They are part of a wider compliance structure linking freight income, monthly filing, port documentation and regulatory access.

For non-resident shipping companies, the central obligation is to identify Nigeria-linked freight revenue, compute and pay tax monthly, file monthly returns with supporting invoices, and retain evidence of compliance. For cargo owners and maritime operators, the central risk is operational: a carrier's tax documentation may affect the smooth movement of cargo, the timing of approvals and the predictability of port processes.

The practical lesson is clear. Freight tax should now be built into voyage planning, contract drafting, agency operations, invoice management, and port access strategy. In an industry where delay can be as costly as liability, compliance planning has become essential rather than optional.

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Endnotes

1. Nigeria Tax Act 2025, s 18(1).
2. For ease of reference, the expression "freight tax" is used in this article as a client-friendly description of the tax exposure arising from freight-related income under Section 18 of the Nigeria Tax Act. It should not be understood as a separate statutory tax label.
3. Nigeria Tax Act 2025, s 18(1).
4. Nigeria Tax Act 2025, s 18(2)
5. Nigerian Ports Authority, Tariff: Dues & Rates Regulations 2021, Explanatory Notes
6. Nigeria Tax Act 2025, s 18(3)– (4).
7. Nigeria Tax Act 2025, s 18(5).
8. Nigeria Tax Act 2025, s 18(6).
9. Nigeria Tax Administration Act 2025, s 21(1).
10. Nigeria Tax Administration Act 2025, s 21(2).
11. Nigeria Tax Administration Act 2025, s 21(3).
12. Nigeria Tax Administration Act 2025, s 21(4).
13. Nigeria Tax Act 2025, s 18(8).
14. Nigeria Tax Act 2025, s 18(9)
15. Nigerian Ports Authority Act, ss 7–8.
16. Nigerian Ports Authority Act, ss 56–80
17. Nigerian Maritime Administration and Safety Agency Act, s 2.
18. Nigerian Maritime Administration and Safety Agency Act, s 22(1)
19. Nigerian Maritime Administration and Safety Agency Act, s 26(1)– (2)
20. Nigerian Maritime Administration and Safety Agency Act, s 26(9).



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