

The Introduction of Virtual Asset Taxation in Nigeria: What Taxpayers Need to Know

Regulatory Update

Introduction

On July 31, 2026, the Nigeria Revenue Service ("NRS") released its Guidelines on the Taxation of Virtual Assets (the "Guidelines") by Information Circular No. 2026/21, establishing a standardised administrative framework for the taxation of virtual assets ("VA") and Virtual Asset Service Providers ("VASPs") operating within Nigeria.¹ The Guidelines are issued pursuant to section 4 of the Nigeria Revenue Service Establishment Act, 2025, the Ninth Schedule to the Nigeria Tax Act, 2025 (the "NTA"), section 79 and the Fifth Schedule to the Nigeria Tax Administration Act, 2025 (the "NTAA"), and other relevant provisions under those Acts relating to VAs.² The Guidelines directly operationalise these statutory provisions to establish a binding administrative tax framework for virtual assets.

With this new framework in place, all relevant stakeholders, including individuals, corporate entities, VASPs, Peer-to-Peer ("P2P") marketplace operators, and financial intermediaries engaging in virtual asset activities or facilitating digital asset transactions, are required to comply with specific obligations relating to registration, reporting, the computation of taxable gains, withholding, and tax remittance.³

In light of the above, this insight provides an overview of the regulatory objectives of the referenced guidelines and key principal considerations to note accordingly.

2026/21

Information Circular
Effective 31 July 2026

6-tier

Classification framework
for virtual assets

₦10m

First-month penalty ceiling
for VASP non-compliance

Regulatory Objective

According to the NRS, the issuance of the Guidelines reflects the Service's commitment to "clarity, certainty, and consistency" in administering Nigeria's tax laws as they apply to the fast-moving virtual asset space, with the broader aims of encouraging voluntary compliance, improving transparency, and helping build a fair and efficient tax regime for virtual asset transactions. Toward that end, the Guidelines address four things, namely:

01 · TAX OBLIGATIONS

The tax obligations of anyone engaged in VA transactions.

02 · REGISTRATION & RECORDS

The registration, reporting, filing and record-keeping duties that apply to taxpayers and VA service providers.

03 · VALUATION & COMPUTATION

How taxable income from VA transactions should be valued and computed.

04 · ADMIN & ENFORCEMENT

How the tax laws relating to VA will be administered and enforced.⁴

Scope of Application

In terms of scope, the Guidelines have been noted to 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 and P2P marketplace



derives income, profits or gains from VA that is liable to tax in Nigeria or



Provides services relating to VA

What Taxpayers Should Know

The Guidelines introduce several practical compliance and tax implications for taxpayers, Virtual Asset Service Providers (VASPs) and Peer-to-Peer (P2P) operators, including the following:

A Six-Tier Classification Tax Treatment Framework for Virtual Assets:

The applicable tax treatment of a virtual asset transaction is determined by the classification of the virtual asset involved, rather than merely by the fact that the transaction involves a virtual asset. To this end, the Guidelines precisely classify virtual assets into six categories, namely: *cryptocurrencies and exchange tokens, stablecoins and payment tokens, security and investment tokens, utility and governance tokens, Non-Fungible Tokens (NFTs), and sovereign digital currencies (including eNaira)*. Accordingly, taxpayers, Virtual Asset Service Providers (VASPs) and Peer-to-Peer (P2P) operators should ensure that virtual assets are accurately identified and classified in accordance with the Guidelines' classification framework, as each category is subject to a distinct tax treatment.⁵

A Novel "Dollar-Referenced" Method for Computing Gains:

Perhaps the most significant technical innovation in the Guidelines is the method prescribed for computing gains on Category 1 assets (cryptocurrencies such as Bitcoin and Ether): gains are computed in United States Dollars ("USD"), comparing the dollar value of the asset at acquisition against its dollar value at disposal, and only the resulting dollar gain, not the full Naira-denominated proceeds, is converted to Naira, at the CBN/NAFEM rate applicable on the disposal date, for the purpose of assessing tax. In effect, Naira depreciation over the holding period is excluded from the taxable gain.⁶

For example: a taxpayer buys Bitcoin for ₦1,000,000 when the exchange rate is ₦1,000 to US\$1 and later sells it for ₦1,970,000 when the exchange rate has risen to ₦1,500 to US\$1. Although the apparent gain is ₦970,000, the taxpayer is taxed only on the actual economic gain of approximately US\$313.33 (equivalent to about ₦470,000 at the prevailing exchange rate). The remainder of the increase would therefore be treated as a depreciation of the Naira and not as a taxable gain.⁷

ACQUISITION

₦1,000,000

Naira paid for Bitcoin

₦1,000 = US\$1

Prevailing rate

US\$1,000

Dollar cost base

DISPOSAL

₦1,970,000

Naira proceeds on sale

₦1,500 = US\$1

Prevailing rate

US\$1,313.33

Dollar disposal value

TAXABLE GAIN

US\$313.33

Actual economic gain

≈ ₦470,000

At disposal rate

Not ₦970,000

Withholding and Stamp Duty Obligations Fall Heavily on VASPs:

VASPs and P2P escrow operators are made the primary collection agents under the Guidelines. They must withhold 1% of gross disposal proceeds as income tax on disposals of Category 1, 3 and 5 assets, 10% on passive income such as staking, mining, airdrop and DeFi rewards, and 1.5% stamp duty on every token-to-fiat or fiat-to-token conversion, all withheld directly in token units from the tokens credited to the counterparty, rather than in Naira.⁸ Stamp duty withheld must be remitted twice monthly, by the 15th and 30th of each month.⁹ This is a significant new operational and systems burden for exchanges and marketplace operators doing business in Nigeria.

New Registration and Record-Keeping Obligations for All Stakeholders:

Every person engaged in VA transactions must now register for a Tax ID, and VASPs and P2P escrow operators must make a valid Tax ID a precondition for account activation. VASPs must additionally file the returns prescribed under the NTAA, maintain transaction and valuation records for at least six years, and report annually.¹⁰

1%

INCOME TAX

On gross disposal proceeds of Category 1, 3 and 5 assets.

10%

PASSIVE INCOME

On staking, mining, airdrop and DeFi rewards.

1.5%

STAMP DUTY

On every token-to-fiat or fiat-to-token conversion.

Taxation of Non-residents:

Under the provisions of the guidelines, non-resident persons are not exempt, as it is provided that any non-resident person that derives income, profits or gains from VA activities in Nigeria shall be liable to tax in accordance with the provisions of the NTA and NTAA.

Non-taxable events:

Notwithstanding the comprehensive provisions of the Guidelines, it has been made clear that the mere holding of a virtual asset following its acquisition, or any unrealised appreciation in its value, shall not be subject to income tax until a taxable disposal occurs.

Steep Penalties for Non-Compliance:

The Guidelines prescribe substantial penalties, including up to ~~N~~10,000,000 in the first month (and ~~N~~1,000,000 per subsequent month) for VASP or P2P marketplace non-compliance, 40% of any amount an operator fails to deduct at source, and 10% per annum plus the CBN Monetary Policy Rate on tax deducted but not remitted, in addition to registration, filing and record-keeping penalties applicable to individual taxpayers.¹¹

Conclusion

The release of these Guidelines marks Nigeria's first comprehensive attempt to bring virtual asset transactions squarely within a regulated tax net, and signals that the NRS is committed to actively supervising and enforcing compliance across the VA ecosystem rather than leaving it as a regulatory grey area.

Accordingly, Taxpayers, VASPs and P2P operators should review their current classification, valuation, withholding and record-keeping practices against the Guidelines without delay, particularly given the number of penalties for VASP non-compliance and the operational complexity of token-native withholding and remittance.

Given the technical nature of the Guidelines and the evolving virtual asset landscape, businesses and individuals with virtual asset holdings or income should seek advice from qualified tax professionals to correctly classify their assets, establish defensible cost-base records, and implement appropriate systems and controls to comply with the applicable registration, withholding, reporting and other tax obligations.

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Endnotes

1. Nigeria Revenue Service, Information Circular No. 2026/21, "Guidelines on the Taxation of Virtual Assets" (31 July 2026) <www.nrs.gov.ng> accessed 3 August 2026.
2. Guidelines on the Taxation of Virtual Assets, para 3.0 (Legal Framework).
3. *ibid*, para 4.0 (Scope of Application).
4. Nigeria Revenue Service, Public Notice, "Release of the Guidelines on the Taxation of Virtual Assets" (31 July 2026); Guidelines on the Taxation of Virtual Assets, paras 1.0–2.0 (Introduction; Purpose).
5. Guidelines on the Taxation of Virtual Assets, para 5.0 (Classification and Tax Treatment of Virtual Assets).
6. *ibid*, para 9.1.1 (The Rule).
7. *ibid*, para 9.1.2 (The Computation Formula), Illustration 2.
8. *ibid*, para 8.1 (Applicable Rates and Collection of Tax) and para 6.3 (Stamp Duties).
9. *ibid*, para 6.3(10).
10. *Ibid*, paras 12.0 (Taxpayer Obligations) and 12.1 (Obligations of VASPs).
11. *ibid*, para 13.0 (non-compliance).



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