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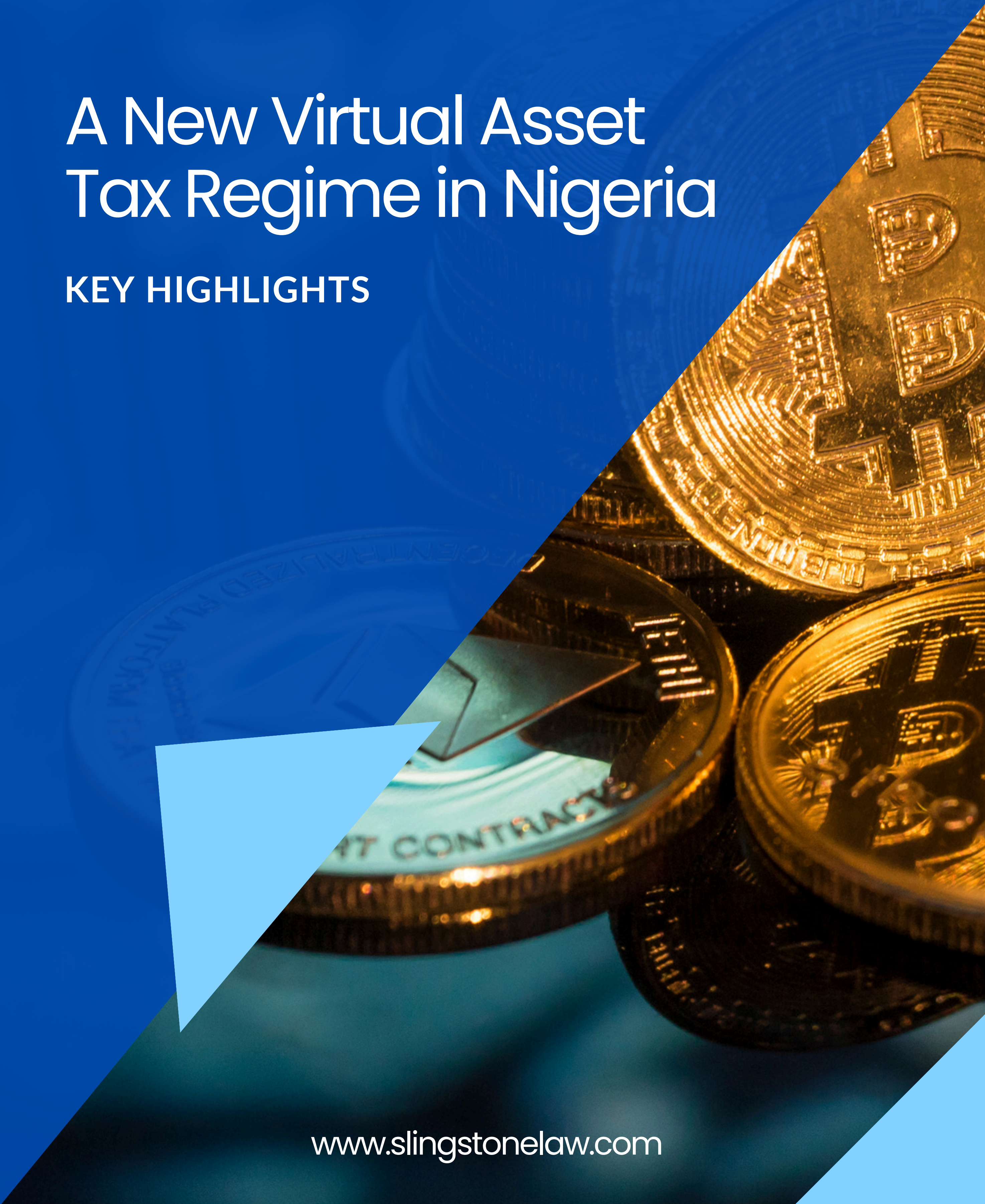
A New Virtual Asset Tax Regime in Nigeria

KEY HIGHLIGHTS



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In 2025, the Investment and Securities Act 2025 (ISA) formally recognized virtual assets within the Nigerian capital market, where it expressly classifies virtual assets, digital tokens, and cryptocurrencies as securities[1], and subjects the Virtual Asset Service Providers (VASPs) to the regulatory supervision of the Securities and Exchange Commission. While the ISA clarified the regulatory recognition of virtual assets, important questions regarding the taxation of income and profits arising from transactions involving these assets were being asked. The Nigeria Revenue Service (NRS) acknowledged the growing relevance of the virtual asset transactions and incorporated provisions addressing their taxation under the Nigerian Tax Act, 2025, and the Nigeria Tax Administration Act 2025.

Since the enactment of these legislations, there has been expectations for practical guidelines and developments regulating the taxation of digital assets in Nigeria. In our 2025 Fintech Outlook[2], we highlighted the possibility of a new tax regime targeting the digital assets economy resulting from clearer cryptocurrency and digital asset transactions. Also, our 2026 Tech Report projected a significant shift in the taxation of digital assets including developments that are expected to define how tax rules are applied across both domestic and cross-border digital markets.[3]

On July 31, 2026, the NRS issued the Guidelines on the Taxation of Virtual Assets[4] ("the Guidelines"). The Guidelines establish a comprehensive administrative framework for the taxation of virtual assets (VAs) transactions, providing long-awaited clarity on how various forms of digital assets and blockchain-based transactions will be taxed. In this article, we highlight key aspects of the guidelines.

Applicability of the Guidelines

The NRS Guidelines are intended to guide taxpayers, Virtual Asset Service Providers (VASPs), peer-to-peer (P2P) marketplace operators, financial institutions, tax consultants, and all persons engaged in virtual asset activities including any person or business who acquires, disposes of or exchanges virtual assets, receives payments in virtual assets, and derives income from virtual asset activities.

{1}Section 357 of the Investment and Securities Act, 2025

{2}Slingstone LP "2025 Nigeria Fintech Legal Outlook"accessible via < https://slingstonelaw.com/slingstone-fintech-outlook-2025 >

{3}Slingstone LP "Nigeria Legal Tech Report 2026"accessible via < https://slingstonelaw.com/SLP-tech-report-2026 >

{4}Nigeria Revenue Service, "Guidelines on the Taxation of Virtual Assets" <https://www.nrs.gov.ng/uploads/Guidelines_on_taxation_of_Virtual_Assets_31_7_26_7cd2ef8dab.pdf> accessed on August 4, 2026.

Comprehensive Classification of Virtual Assets

The categories above include cryptocurrencies and exchange tokens such as Bitcoin and Ether, stablecoins and payment tokens like USDT and USDC, security and investment tokens, utility and governance tokens, NFTs, and sovereign digital currencies such as the eNaira. This classification shows that the intended tax treatment is determined not merely by the digital form of an asset but by its underlying economic characteristics and intended function. Consequently, assets performing different economic functions are subject to different tax rules, an approach that reflects international best practices in digital asset taxation.

Income Tax Remains the Principal Tax on Virtual Assets

Interestingly, the Guidelines expressly exclude the eNaira and other Central Bank Digital Currencies (CBDCs) from the virtual asset tax regime, stating that they will continue to receive the same treatment as conventional fiat currencies and therefore do not attract any additional virtual asset tax obligations.

The Guidelines make it clear that income tax is the primary tax applicable to virtual asset transactions. Taxable income extends beyond gains realised on the disposal of cryptocurrencies to include employment income paid in virtual assets, business income, professional fees, mining rewards, staking rewards, decentralised finance rewards, liquidity mining incentives, protocol rewards, royalties, investment yields, airdrops, hard fork distributions, and every other form of income derived from virtual asset activities. Both individuals and companies are subject to income tax under the Guidelines.

In addition, non-resident persons deriving income from virtual asset activities connected with Nigeria may also be liable to tax where the Significant Economic Presence (SEP) rules or Nigerian-source income rules apply. One practical implication of this provision is that taxpayers can no longer assume that taxation only arises when cryptocurrency is converted into fiat currency. Various forms of passive income earned through blockchain protocols may become taxable immediately upon receipt.

Distinction Between Taxing Assets and Taxing Services

A notable clarification introduced by the Guidelines in relation to Value Added Tax (VAT) is that the transfer of ownership of a virtual asset does not, by itself, constitute a taxable supply for VAT purposes. Rather than taxing the asset itself, VAT applies to the services surrounding virtual asset transactions. These include exchange fees charged by VASPs, brokerage commissions, custody services, wallet management fees, listing fees, advisory services, platform service fees, and other professional services rendered in connection with virtual assets.

Where virtual assets are used to pay for goods or services, VAT is imposed on the underlying supply of the goods or services rather than on the transfer of the digital asset itself. This distinction provides clarity and certainty regarding the VAT treatment of cryptocurrency payments and aligns virtual assets more closely with traditional methods of payment.

Stamp Duty on Relevant Token Transactions

The Guidelines provide for the application of stamp duty to token transactions. Specifically, stamp duty applies to Fiat-to-Token and Token-to-Fiat conversions under Item 33 of the Ninth Schedule to the Nigeria Tax Act, 2025. Unlike conventional stamp duty collection mechanisms, the duty is borne by the transferee of the token and is deducted directly from the quantity of tokens credited to the recipient rather than from the fiat consideration paid. The Guidelines further require VASPs and recognised intermediaries to deduct and remit the applicable stamp duty to the NRS. This represents a significant innovation in Nigerian tax administration, as the duty is effectively collected in digital assets rather than in Naira.

Non-Taxable Events

The Guidelines equally recognise that not every blockchain transaction should trigger an immediate tax liability. Accordingly, several transactions are expressly identified as non-taxable events. These include merely holding virtual assets, transfers between wallets owned by the same individual where beneficial ownership remains unchanged and provided that the transfer does involve companies, partnership, trust, unincorporated association or any other legal person, staking lock-up arrangements, the minting of NFTs, the tokenisation of real-world assets without any change in beneficial ownership, collateralised loans secured by virtual assets, and the use of CBDCs such as the eNaira. This welcomes certainty for taxpayers engaging in routine blockchain operations that do not involve any realisation of economic gains.

Dollar-Referenced Method of Taxation

One of the most significant reforms contained in the Guidelines is the introduction of a dollar-referenced gain computation method for the taxation of virtual asset disposals. Rather than computing gains simply by comparing the Naira purchase price with the Naira disposal price, the Guidelines require taxpayers to first determine the United States Dollar (USD) value of the asset at acquisition and at disposal. The actual economic gain is then calculated in USD before being converted into Naira using the applicable CBN/NAFEM exchange rate on the disposal date.

This methodology is particularly significant within Nigeria's economic environment because it prevents taxpayers from being taxed on gains arising solely from the depreciation of the Naira. Only the real economic appreciation of the asset is subject to income tax. From a policy perspective, this reflects an appreciation of the volatility of both cryptocurrency markets and foreign exchange rates.

Enhanced Responsibilities for Virtual Asset Service Providers

Another major reform is the significant expansion of the compliance obligations imposed on Virtual Asset Service Providers (VASPs) and P2P marketplace operators. Under the Guidelines, VASPs are required to deduct applicable withholding taxes, collect stamp duties, account for VAT, remit taxes within the prescribed timelines, file statutory returns, and maintain comprehensive transaction records. Every person engaged in virtual asset activities is required to register for tax purposes and obtain a Tax Identification Number (Tax ID), and the VASPs are required to ensure that every customer possesses a valid Tax Identification Number before activating an account. VASPs are impliedly transformed from mere technology platforms into frontline tax collection agents for the Nigeria Revenue Service.

Stringent Compliance and Penalties for Non-Compliance

The Guidelines introduce a comprehensive penalty regime to encourage compliance. Taxpayers who fail to register, file returns, maintain records, deduct or remit taxes, or comply with reporting obligations may be liable to substantial monetary penalties. Particularly notable are the significant penalties imposed on non-compliant VASPs and P2P marketplace operators, reflecting the central role these entities now play in tax administration.

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Conclusion

The financial ecosystem continues to evolve rapidly as new technologies reshape how value is created, transferred and stored. Against this backdrop, the Guidelines represent an important step in providing certainty on the taxation of virtual assets in Nigeria. NRS has clarified several issues that previously created uncertainty for participants in the digital asset ecosystem including the classification of virtual assets, taxable events, valuation principles, intermediary obligations and enforcement.

This is particularly significant given the rapid growth of stablecoin adoption in Nigeria, including their increasing use for payments and cross-border transactions. For businesses using stablecoins, one of the more consequential implications of the Guidelines may not be income tax itself, but the cumulative transaction costs arising from the 1.5% stamp duty on fiat-to-token conversions and VAT on relevant platform and intermediary charges. The requirement for certain tax liabilities to be remitted in virtual assets may also have operational implications for exchanges and other VASPs, including the need for appropriate custody, reconciliation, accounting and compliance infrastructure.

More broadly, the Guidelines reflect an increasingly deliberate approach by the Nigerian government to bringing virtual asset activity within the formal regulatory and tax framework. They should, however, be viewed as part of an evolving regulatory process rather than the final word on the taxation of digital assets. As the NRS develops greater administrative experience in this rapidly changing market, further guidance, refinements and implementation measures are likely to emerge.

Importantly, the Guidelines are administrative guidance and not an independent source of substantive taxing power. Their provisions must therefore be read consistently with the Nigeria Tax Act 2025, the Nigeria Tax Administration Act 2025 and other applicable legislation. Questions may consequently arise as particular provisions are tested against the scope of the underlying statutory framework. There are also operational issues that will require coordination among the NRS, the Central Bank of Nigeria, the Securities and Exchange Commission and other relevant regulators. These include, among others, the treatment or recognition of particular tokens, arrangements for the custody and remittance of taxes payable in virtual assets, and the identification of recognised exchanges or price aggregators for valuation purposes. Greater inter-agency coordination, potentially through a harmonised implementation framework, will therefore be important to ensuring that the emerging regime is clear, administratively workable and responsive to the pace of innovation in the virtual asset market. Ultimately, the Guidelines do more than clarify the tax treatment of virtual assets. They signal Nigeria's intention to integrate the digital asset economy into the mainstream tax system while developing a regulatory framework capable of evolving with the market.

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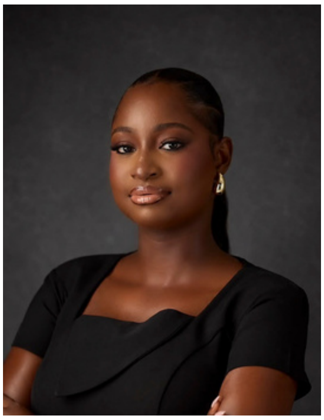

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