



Giving Smarter: What Nigeria's New Tax Act Means for Philanthropy and Family Wealth

Introduction

For high-net-worth individuals (HNIs), family offices, and corporate donors, philanthropy is no longer only a question of purpose. Under the **Nigeria Tax Act 2025 (NTA 2025** or the **"Act"**), effective **1 January 2026**, it is also a question of structure, documentation, and tax compliance.

The Act introduces clearer incentives for donations made through approved charitable channels, while excluding informal or unregistered giving arrangements from tax relief. For families and

foundations, the practical message is straightforward: charitable giving must now be planned with the same care as estate, tax, and succession decisions.

Key Highlights

- **Enhanced individual deductions:** Individuals may now deduct up to 10% of total taxable income for qualifying donations made to approved charitable organizations.



- **Enhanced corporate deductions:**

Companies donating to approved public-benefit organizations certified by the Nigeria Revenue Service (NRS) may deduct up to 15% of assessable profits.

- **Registered structures only:**

Donations to informal bodies, personal appeal funds, or unregistered community groups will no longer qualify for tax deductions, regardless of charitable intent.

- **New compliance obligations for NGOs:**

Organizations receiving donations must comply with updated Tax Identification Number (TIN) requirements and digital compliance processes.

Legal and Wealth Planning Implications

- **Structure now determines tax efficiency:**

Tax relief is available only where donations are made through recognized and properly registered Nigerian entities, including Incorporated Trustees and Companies Limited by Guarantee.

- **Registration before deductions:**

Families establishing charitable trusts, foundations, or giving vehicles should complete the required regulatory registration before expecting donations to qualify for deductions.

- **Philanthropy as a legacy tool:**

Properly structured foundations and charitable vehicles can support tax-efficient giving, succession planning, family governance, and long-term legacy preservation.

- **Governance and record-keeping expectations:**

Donors and recipient organizations must maintain clear documentation, approvals, and supporting records for potential review by the NRS.

- **Cross-border giving requires careful structuring:**

Donations to foreign NGOs or offshore foundations may not qualify for Nigerian tax deductions unless routed through approved Nigerian entities.

What This Means in Practice

The Act moves philanthropy away from informal giving and toward more structured, regulated, and transparent charitable arrangements.

For families and business owners, this means:

- reviewing existing charitable structures and donation practices;
- assessing whether current foundations or trusts satisfy regulatory requirements; and
- aligning philanthropic activities with broader tax, estate, and succession planning objectives.

The effectiveness of a philanthropic structure will now depend not only on charitable intent, but also on legal validity, governance, and compliance readiness.

The Road Forward

The new framework signals a broader shift in how charitable giving is treated within Nigeria's tax and wealth management landscape. Informal generosity may still create social impact, but structured philanthropy now carries clearer legal and fiscal advantages.

For high-net-worth individuals and family offices, the focus should be on building structures that are compliant, sustainable, and aligned with long-term legacy objectives.

For guidance on charitable trusts, family foundations, philanthropic structuring, and compliance under the Nigeria Tax Act 2025, contact info@scp-law.com or visit www.scp-law.com