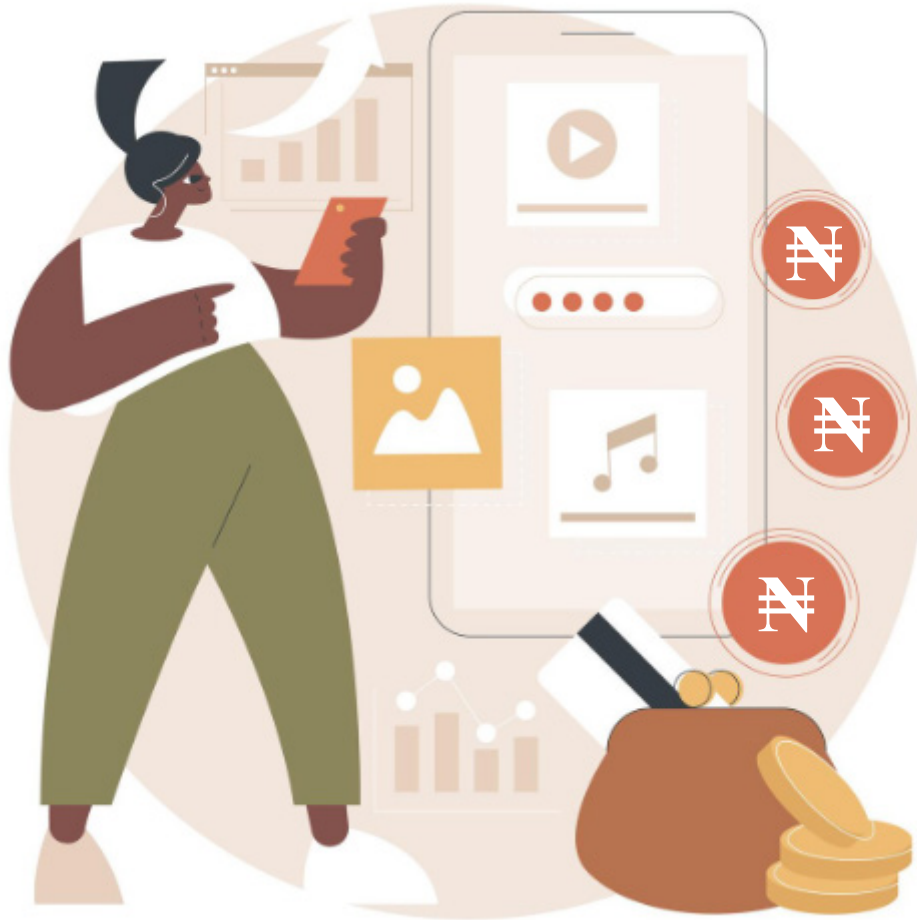




Nigeria's New Virtual Asset Tax Guidelines: What Businesses and Investors Need to Know

Introduction

If you buy, sell, trade or earn cryptocurrency in Nigeria, the taxman now has a much clearer view of that activity. The Nigeria Revenue Service (NRS) has issued the Guidelines on the Taxation of Virtual Assets (the Guidelines), providing greater clarity on how cryptocurrencies and other virtual assets are taxed in Nigeria.

The Guidelines apply broadly to individuals investing or trading in virtual assets, businesses accepting them as payment, digital asset platforms and other businesses providing virtual asset-related services. They also address income earned through participation in blockchain activities. For businesses

and investors, the key message is that virtual asset transactions are increasingly being brought within Nigeria's conventional tax and reporting framework.

Key Highlights

- **Gains from virtual assets may be taxable:**
Investors and traders may be liable to income tax when they sell, exchange or otherwise dispose of virtual assets at a gain. Simply holding a virtual asset, however, does not trigger tax merely because its value has increased.
- **Virtual assets received as income may be taxable:**



Virtual assets received as salary, professional fees or rewards for participating in blockchain activities, such as helping to verify transactions or support a blockchain network (commonly known as mining or staking), may constitute taxable income based on their value when received.

- **Not every transfer is taxable:**

Moving virtual assets between wallets owned by the same person generally does not trigger tax where ownership remains unchanged. Certain other transactions where ownership of the underlying asset has not genuinely changed may also fall outside the rules on taxable disposals.

- **Digital asset platforms have additional responsibilities:**

Virtual Asset Service Providers (VASPs), such as platforms providing exchange, custody or wallet services, and qualifying peer-to-peer (P2P) marketplaces may be required to collect and remit applicable taxes, maintain transaction records and comply with tax filing and reporting requirements.

- **VAT and stamp duty may apply:**

The Guidelines provide for 7.5% VAT on applicable fees charged for services such as exchange, brokerage, custody and wallet management. A 1.5% stamp duty may also apply to specified transactions involving the exchange of virtual assets for traditional currency, and vice versa.

What This Means for Stakeholders

- **For investors and traders:** Accurate records of when virtual assets were acquired, their acquisition cost and their value when sold or exchanged will be important for determining any taxable gain.
- **For businesses accepting virtual assets:** Receiving cryptocurrency or another virtual asset instead of cash does not remove the underlying income from the tax net. Businesses should ensure that these payments are properly valued, recorded and reflected in their tax reporting.
- **For digital asset platforms:** Tax compliance is becoming an integral part of platform operations. Businesses should review customer onboarding, transaction processing, tax collection, VAT accounting, reporting and record-keeping systems. Where applicable, platforms must also obtain a valid Tax ID from customers before activating their accounts.
- **For individuals earning income from virtual assets:** Rewards earned from blockchain-related activities may have tax consequences. The appropriate treatment will depend on the nature of the activity and how the income or reward is received.

The Road Forward

The Guidelines represent a significant step towards integrating virtual assets into Nigeria's formal tax system. As regulatory oversight develops, businesses and investors should consider tax implications when entering into virtual asset transactions rather than only when tax returns become due.

Maintaining reliable transaction records, understanding when tax may arise and reviewing existing operating structures will be increasingly important for managing compliance risks.

For guidance on virtual asset taxation, tax compliance, transaction structuring and related tax advisory matters, contact info@scp-law.com or visit www.scp-law.com.