

Personal Income Tax Guidelines, 2026

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Made Pursuant to Sections 1 and 5(f) of the Joint Revenue Board (Establishment) Act, 2025; Sections 6(2), 15, 35, 51(6)(7)(9), 52, 85 and 144(4) of the Nigeria Tax Administration Act, 2025; Chapter Two of the Nigeria Tax Act, 2025; and Regulation 11(2) of the Deduction of Tax at Source (Withholding) Regulations, 2024

PART I – PRELIMINARY

1. Interpretation

In these Guidelines, unless the context otherwise requires —

"Act" means the Joint Revenue Board (Establishment) Act, 2025; the Nigeria Tax Administration Act, 2025; the Nigeria Tax Act, 2025; and the Deduction of Tax at Source (Withholding) Regulations, 2024

"eligible deductions" means statutory contributions and other deductible expenses as prescribed under the Act.

"Emolument" means remunerations including all allowances, salaries, wages, perquisites, bonuses, and other forms of compensation.

"Reliefs" means the appropriate amount of an individual's emoluments which under the provisions of the Act are not chargeable to tax.

"Relevant Tax Authority (RTA)" means the Nigeria Revenue Service, the Internal Revenue Service of a State, or the FCT Internal Revenue Service.

"Taxable emoluments" means emoluments reduced by reliefs and eligible deductions.

"Tax ID" means the Taxpayer Identification issued by the relevant tax authority.

PART II – TAX IDENTIFICATION (TAX ID)

2. Obligation to Register and Obtain Tax ID

- 2.1. Every taxable person, whether or not liable to pay tax, shall register with the relevant tax authority and obtain a Taxpayer Identification (Tax ID) for the purpose of compliance with tax obligations.
- 2.2. A non-resident person that supplies taxable goods or services to, or derives income from Nigeria, shall also register for tax purposes and obtain a Tax ID.
- 2.3. The relevant tax authority shall, upon receiving a request, or where it considers a person as taxable, register and issue a Tax ID to the taxable person.

3. Use of Tax ID

A Tax ID shall be:

- 3.1. Stated on a return, notice, correspondence, or documents submitted for the purposes of tax compliance.
- 3.2. Stated on a document prepared, produced, issued, or submitted in respect of a transaction.
- 3.3. A condition for entering into a contract with any federal or state ministry, department or agency, and local government.
- 3.4. A person engaged in banking, insurance, stock-broking, or other financial services in Nigeria shall ensure that every taxable person provides a Tax ID.

4. Notification of Change in Particulars

Every taxable person shall, **within 30 days** of the occurrence of a change in its particulars, notify the relevant tax authority of the change, including name, location of business, or registered address.

PART III – OPERATION OF PAY-AS-YOU-EARN (PAYE) TAX

5. Registration of Employer

An employer shall register with the relevant tax authority for the purposes of deducting income tax from employees with or without formal notification or direction by the relevant tax authority.

6. Deduction and Remittance of Tax

- 6.1. The employer shall deduct tax from emoluments of employees and remit it to the relevant tax authority at the nearest tax office or to any bank prescribed by the relevant tax authority **within ten days of the end of every month**.
- 6.2. Where an employee works under the supervision or management of a person who is not the employer (the “manager”), the manager shall deduct the tax due from the employee’s emolument and remit it to the relevant tax authority.
- 6.3. An employer who fails to deduct taxes or to account for deductions made shall be liable to administrative penalty and interest on the sums not paid as at when due.
- 6.4. Proceedings may be brought against an employer or manager for the recovery of all arrears of taxes outstanding against their employees.

7. Record of Deductions

An employer shall record, either on the tax deduction form or in such other manner as may be prescribed by the relevant tax authority, the following particulars regarding emoluments of employees:

- 7.1. The month of payment.
- 7.2. The amount of emolument.
- 7.3. The contribution by the employee to an approved pension fund, national housing fund, national health insurance scheme, mortgage interest for owner-occupied buildings, and life insurance premium.
- 7.4. Rent relief with appropriate information or evidence of payment by eligible employees.
- 7.5. Year-to-date cumulative gross emoluments, cumulative reliefs and eligible deductions, and cumulative taxable emoluments in relation to each employee.
- 7.6. The corresponding cumulative tax.

7.7. The tax, if any, deducted or repaid on making the payment.

8. Eligible Deductions (Reliefs)

To calculate chargeable income, the following eligible contributions and deductions apply subject to appropriate documentary evidence:

- 8.1. **National Housing Fund:** Limited to the actual amount contributed to the Fund.
- 8.2. **National Health Insurance Scheme:** Limited to the actual amount deducted and remitted.
- 8.3. **Pension Reform Act:** Limited to the actual amount deducted and remitted to an approved Pension Fund Administrator.
- 8.4. **Interest on loans** for owner-occupied residential house: Only the interest component for construction, purchase, or development of the employee's principal residence qualifies. The property must be owner-occupied or intended to be while being developed, not for commercial/rental use. Principal sum does not qualify.
- 8.5. Annual **annuity or premium** for life insurance on the employee or spouse, or deferred annuity contract. This is limited to the amount actually paid in the preceding year of assessment.

9. Rent Relief

- 9.1. An individual can claim a **Rent Relief** at the rate of 20% of annual rent paid subject to a maximum of ₦500,000.
- 9.2. To be eligible, the actual rent paid and other prescribed information must be accurately declared to the relevant tax authority.
- 9.3. In the case of a shared tenancy, each tenant shall be eligible to the rent relief up to ₦500,000 with respect to the portion of the rent incurred.
- 9.4. The relief is applicable on an actual year basis. That is, rent paid in the year 2026 is available for relief for the 2026 year of assessment
- 9.5. If rental payments span multiple calendar years, the eligible rent for relief must be pro-rated to cover only the portion attributable to the relevant year, regardless of the payment cycle.
- 9.6. To be eligible for the relief, an individual shall provide the minimum information specified below:
 - i) Legal tenant's name.
 - ii) Actual rent paid and period covered.
 - iii) Landlord details (Full name and one of: mobile number, Tax ID, or NIN).
 - iv) Property address.

Illustration:

If an individual pays rent of ₦2,000,000 covering the period January 2026 to December 2027 (24 months), the actual rent attributable to the 2026 year of assessment (January to December 2026) shall be determined as follows:

Description	Amount (₦)
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Total Rent Paid	2,000,000
Period Covered (Months)	24
Rent Attributable to 2026 Year of Assessment	1,000,000 (₦ 2,000,000 / 24) * 12
Rent Relief for 2026 (20% of Attributable Rent)	200,000 ₦ 1,000,000 * 20%
Rent Relief for Balance	Available for the 2027 Year of Assessment

10. Benefits-in-Kind (BIK)

- 10.1. Benefits-in-Kind refers to any non-cash benefits, facilities, or perquisites provided by an employer to an employee by reason of employment, in addition to or in place of monetary remuneration, from which the employee derives personal or economic benefit.
- 10.2. Guidelines for valuing BIK -
- i) Employer-owned Asset Used by Employee: The annual benefit is 5% of the asset's cost or market value at acquisition.
 - ii) Rented/Hired Asset Used by Employee: The annual benefit equals the annual rent or hire paid by the employer.
 - iii) Employer-provided Accommodation in Nigeria: If the employee pays no rent or less than the annual rental value, the additional emolument is the annual rental value, capped at **20%** of annual gross income (excluding the rental value).
- 10.3. Exemptions (not considered BIK) -
- i) Employer-provided meals in a general staff canteen or meal vouchers.
 - ii) Employer-provided uniform, protective clothing, work tools, or equipment.
 - iii) Employer-paid expenses for an employee's change of residence due to a change in employment or work location.

PART V – FILING OF RETURNS AND PAYMENTS

11. Income Tax Returns for Individuals

- 11.1. Every taxable person, whether or not liable to pay tax, shall file an annual return of income, in the prescribed form, with the relevant tax authority **without notice or demand not later than 31 March** of the relevant year of assessment in respect of the preceding basis period.
- 11.2. The return shall disclose the amount of income from every source (including employment income) for the year preceding the year of assessment, computed in accordance with the Nigeria Tax Act, 2025.
- 11.3. In the case of income earned from trade, business, profession or vocation, an audited financial statement or a statement of accounts attested to by the taxpayer must be submitted.
- 11.4. The Individual Self-Assessment Return Form in **Appendix 2** may be used for filing across all tax jurisdictions except otherwise prescribed by the relevant tax authority.

12. Employer's PAYE Returns and Payment

- 12.1. An employer shall file a return with the relevant tax authority for all emoluments paid to its employees, **not later than 31 January of each year** in respect of all employees in its employment in the preceding year.
- 12.2. Pay-As-You-Earn amount deducted at source shall be remitted to the relevant tax authority not later than the **10th day of the month** following the deduction.
- 12.3. Any other income tax shall be paid by the due date specified in the notice of assessment, or by the due date as specified in the Act.

13. Non-periodic Payments

- 13.1. An employer who makes a payment to an employee that is not part of the regular monthly emoluments (non-periodic payment), such as payments to temporary employees, bonus, severance pay, overtime or commission, shall deduct the applicable PAYE tax.
- 13.2. The tax deducted from a non-periodic payment shall be remitted to the relevant tax authority along with PAYE tax on periodic payments or WHT as applicable.

14. Payments to Non-Employees

- 14.1. Any person who makes a payment on which tax is deductible at source to a non-employee (including contractors, consultants, and suppliers of goods or services) shall deduct and remit withholding tax at the prescribed rate.
- 14.2. The deduction and remittance of the withholding tax shall be filed and paid to the relevant tax authority **not later than the last day of the month following the month of deduction**, in line with the *Deduction of Tax at Source (Withholding) Regulations, 2024*.

15. Compensation for Loss of Employment

- 15.1. Compensation paid for the loss of employment is exempt from tax up to a maximum of N50 million. Any amount exceeding this threshold is taxable and subject to the individual's applicable tax bands and rates.
- 15.2. The employer is required to deduct a withholding tax (WHT) of 10% at source from the *taxable portion* (the amount above N50 million) and remit to the relevant tax authority along with PAYE remittances.

Example Calculation:

Consider Mr. Ben Musa, who earned an annual salary of N12 million in 2026. Following a staff rationalisation at Better Days Limited (his employer), he received a severance package of N75 million.

The tax calculation for his compensation is as follows:

- **Exempt Compensation:** N50,000,000
- **Taxable Compensation:** N75,000,000 - N50,000,000 = N25,000,000

Employer's Deduction and Remittance (Better Days Ltd):

- **PAYE Tax:** Normal PAYE tax is to be deducted from the annual salary of N12 million.
- **Withholding Tax (WHT) on Severance:** The employer must deduct and remit N2,500,000 (10% of the N25 million taxable compensation).

Mr. Ben Musa's Final Tax Obligation:

Mr. Ben Musa remains responsible for the balance of the tax on his total taxable income (N12 million salary + N25 million taxable compensation = N37 million). This final tax is calculated based on the applicable taxable bands and rates, with credit given for the PAYE tax and WHT already remitted by Better Days Ltd. [Refer to Appendix 1 for the full tax calculation schedule].

PART VI – NON-EMPLOYMENT INCOME

16. Chargeable Gains (CGT)

- 16.1. Income, profits, or gains arising from the disposal of shares or property may be accounted for by way of deduction at source under section 51 of the Nigeria Tax Act, 2025 and the *Deduction of Tax at Source (Withholding) Regulations, 2024*.
- 16.2. Principal private residences, personal chattels, and disposal of shares not exceeding proceeds of N150m and gains of N10m are exempt.

17. Income from Digital and Virtual Assets

- 17.1. Income, profits, or gains arising from transactions in digital assets and virtual transactions are chargeable to tax in accordance with Section 4(1)(j) of the Nigeria Tax Act, 2025.
- 17.2. Persons who, through the provision of technology or a digital platform, facilitate or engage in digital or virtual transactions shall comply with the registration, return filing, and deduction at source requirements as may be prescribed by the relevant tax authority.
- 17.3. A taxable person engaged in services related to the exchange, custody or management of virtual assets as a Virtual Asset Service Provider (VASP) shall submit to the relevant tax authority, information containing —
 - i) a description of the virtual asset service (exchange, sale, or transfer of virtual assets) provided during the month;
 - ii) the date of the transaction;
 - iii) the type and value of the virtual assets involved;
 - iv) the sales value of the virtual assets;
 - v) the name, address, telephone number, email address and Tax ID of the customer including the national identification number of the customer if he is an individual;
 - vi) the name, address, telephone number and email address of any counterparty involved to the transaction; and
 - vii) such other particulars as may be prescribed by the relevant tax authority.
- 17.4. The relevant tax authority may at any time, with or without a notice, request a VASP to submit further information in a prescribed form, by a specified date.

18. Direct Assessment and High Net Worth Individuals (HNIs)

- 18.1. The relevant tax authority may designate individuals earning annual income above a specified threshold and meeting prescribed conditions as High-Networth-Individuals for the purpose of Direct Tax Assessment.

19. Honorarium

- 19.1. Any honorarium, fees, or similar payments, not being salary or wages, are chargeable to tax in the hands of the recipient under the provisions of the Nigeria Tax Act, 2025.

20. Directors' Fees

- 20.1. Withholding tax shall be applied to directors' fees while honorarium shall be disclosed by the recipient for personal income tax purposes as part of annual tax returns.

21. Income of Content Creators and Influencers

- 21.1. Income earned by content creators, social media influencers, and other similar digital income earners, whether from within or outside Nigeria, from their trade, business, profession, or vocation, is chargeable to tax.
- 21.2. The income shall be computed as gains or profits from a trade or business and shall include earnings from subscriptions, advertisements, brand endorsements, platform revenue sharing, digital rewards, and all forms of compensation, whether in money or money's worth.
- 21.3. Persons making payments to content creators, influencers, or their agents shall comply with all applicable withholding tax, reporting and remittance obligations.

PART VII – TAX CLEARANCE CERTIFICATE (TCC)

22. Issuance of Tax Clearance Certificate

- 22.1. The relevant tax authority may issue a Tax Clearance Certificate (TCC) to any taxable person upon being satisfied that the person has discharged their tax liability for the three preceding years of assessment.
- 22.2. The TCC shall cover all taxes due and payable to the relevant tax authority.
- 22.3. A taxpayer shall be eligible to a TCC notwithstanding that no tax has been paid provided the taxpayer is exempted from tax or falls within the maximum threshold of zero tax.

23. Request for TCC

- 23.1. A request for a TCC shall be made on the prescribed form and be accompanied by:
 - i) The tax assessment for the three years immediately preceding the current year of assessment.
 - ii) Evidence of payment of all taxes due (where applicable).

24. Refusal to Issue TCC

- 24.1. Where a relevant tax authority refuses to issue a TCC, it shall issue a letter of refusal stating the reasons within two weeks of receiving the request.

PART VIII – ADMINISTRATION

25. Administration of Personal Income Tax

The relevant tax authority in a State or the Federal Capital Territory (FCT) shall be responsible for the administration of personal income tax of individuals (including PAYE of employees) resident in the State or FCT with the exception of the categories of non-residents, diplomats and members of the armed forces administered by the Nigeria Revenue Service.

26. Offences and Penalties

- 26.1. **Failure to Register:** N50,000 initial penalty, plus N25,000 for each subsequent month of non-compliance.
- 26.2. **Failure to File** or filing incomplete/inaccurate returns: N100,000 initial penalty, plus N50,000 for each subsequent month of non-compliance.
- 26.3. **Failure to Deduct Tax:** 40% administrative penalty on the amount not deducted.
- 26.4. **Failure to Remit Tax Deducted at Source:** Liable for the unremitted amount, a 10% per annum administrative penalty on the unremitted tax, and interest at the CBN monetary policy rate.
- 26.5. **Offences by body corporate:** Every director, manager, secretary, or officer concerned in the management of a body corporate or firm that commits an offence under these Regulations shall be **severally liable** for the commission of the offence.

APPENDIX 1

Format for Computing Income Tax of an Individual

Total Annual Employment Income		XX
Less: Eligible Deductions -		
National Health Insurance Scheme (If applicable)	X	
National Housing Fund (if applicable)	X	
Pension	X	
Interest on Loan for Developing Owner Occupied House	X	
Life Insurance Premium	X	
Rent Relief (20% of annual rent paid, capped at N500,000)	X	<u>X</u>
Chargeable Income		<u>X</u>

First N800,000 @ 0%	X	
Next N2,200,000 @ 15%	X	
Next N9,000,000 @ 18%	X	
Next N13,000,000 @21%	X	
Next N25,000,000 @23%	X	
Above N50,000,000 @25%	X	
Annual Total Tax Payable		XX
Monthly Tax		XX

APPENDIX 2

**INDIVIDUAL ANNUAL TAX RETURN FORM
[Name of State] Internal Revenue Service**

This form is issued pursuant to Section 13 of the Nigeria Tax Administration Act 2025 (NTAA) and is to be completed by taxable individuals for the relevant Year of Assessment (YOA).

PART A: TAXPAYER IDENTIFICATION DETAILS

1. **Full Name (Surname First):** _____
2. **Taxpayer Identification (TAX ID):** _____
3. **Residential Address:** _____
4. **City/Town:** _____ **State:** _____
5. **Phone Number:** _____ **Email Address:** _____
6. **Employment Status (Tick all that applies):** Employed Self-Employed Unemployed Retired

PART B: GENERAL INFORMATION

1. **Year of Assessment (YOA):** _____
2. **Date of Filing:** ____ / ____ / _____
3. **Mode of Filing:** Self Agent
4. **Tax Office / Tax Station:** _____

PART C: EMPLOYMENT AND INCOME DETAILS

C1. Employment Information (if applicable)

1. **Employer's Name:** _____
2. **Employer's Address:** _____
3. **Nature of Employment:** _____

C2. Self-Employment Information (if applicable)

1. **Business/Trade Name:** _____
2. **Business/Trade Address:** _____
3. **Nature of Business/Trade:** _____

C3. Income Sources (Tick as applicable)

- Employment Income
- Business/Trade/Profession
- Rental Income
- Interest Income
- Dividend Income
- Digital/Virtual Assets Income
- Other Income (Specify): _____

PART D: STATEMENT OF INCOME (ANNUAL)

Description	Amount (₦)
Gross Employment Income (Salary, Allowances, Benefits-in-Kind etc)	_____
Net Income from Business/Professional (Complete Schedule X)	_____
Rental Income (Complete Schedule Y)	_____
Income from investing activities (dividends, interest, royalty etc)	_____
Capital gains from the disposal of chargeable assets (Complete Schedule M)	_____
Profits or income from any other source (Complete Schedule Q)	_____

Description	Amount (₦)
Taxable Income	_____

PART E: ALLOWABLE DEDUCTIONS & RELIEFS

E1. Total Deductions (Capital Allowance, Incurred Losses, Income Exempted from Tax and Income that has been deducted as final tax)	Amount (₦)
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- i. _____
- ii. _____

E2. Eligible Deductions

Description	
Pension Contribution	_____
National Housing Fund (NHF) Contribution	_____
National Health Insurance Scheme (NHIS) Contribution	_____
Life Assurance Premium (Self and/or Spouse)	_____
Interest on Loans for Developing an Owner-Occupied Residential House	_____
Rent Relief	_____
Total Eligible Deductions	_____

PART F: CHARGEABLE INCOME COMPUTATION

Description	Amount (₦)
Taxable Income (From Part D)	_____
Less: Total deductions (From Part E1)	_____
Total Income	_____
Less: Total Eligible Deductions (From Part E2)	_____
Chargeable Income	_____

PART G: TAX COMPUTATION (NTA RATES)

Tax Band	Rate	Tax Due (₦)
First N800,000	0%	_____
Next N2,200,000	15%	_____
Next N9,000,000	18%	_____
Next N13,000,000	21%	_____
Next N25,000,000	23%	_____
Above N50,000,000	25%	_____
Total Personal Income Tax Due		_____

PART H: TAX CREDITS

Description	Amount (₦)
PAYE Deducted (If any)	_____
Withholding Tax Credit (provide evidence)	_____
Others	_____
Total Tax Credits	_____

PART I: NET TAX POSITION

Description	Amount (₦)
Total Tax Due (Part G)	_____

Description	Amount (₦)
Less: Total Tax Credits (Part H)	_____
Tax Payable / (Refund Due)	_____
<input type="checkbox"/> Tax Payable <input type="checkbox"/> Refund Due	

PART J: DECLARATION

I, _____, hereby declare that the information provided in this Return is true, correct, and complete to the best of my knowledge. I understand that any false declaration, misrepresentation or omission is an offence under the Nigeria Tax Administration Act 2025.

Taxpayer's Signature: _____

Date: ____ / ____ / _____

PART K: FOR OFFICIAL USE ONLY

1. **Return Reviewed By:** _____
2. **Assessment Reference No.:** _____
3. **Date of Assessment:** ____ / ____ / _____
4. **Amount Assessed (₦):** _____
5. **Remarks:** _____

Authorized Officer's Name & Signature: _____

Official Stamp & Date

INDIVIDUAL ANNUAL TAX RETURNS FORM
[Name of State] Internal Revenue Service

RETURNS FOR EXEMPT INDIVIDUALS (EMPLOYEE)

1. Full Name (Surname First):	
2. Do you earn more than minimum wage of N70,000:	[Yes / No] <i>(if yes, fill the standard form)</i>
3. Address:	
4. Taxpayer Identification (TAX ID):	
5. Phone Number:	
6. Year of Assessment (YOA):	
7. Date of Filing:	____ / ____ / _____
8. Employer's Name:	
9. Employer's Address:	
10. Any other information:	
DECLARATION I, _____, hereby declare that the information provided in this Return is true, correct, and complete to the best of my knowledge. I understand that any false declaration, misrepresentation or omission is an offence under the Nigeria Tax Administration Act 2025.	
Taxpayer's Signature:	
Date:	____ / ____ / _____
FOR OFFICIAL USE ONLY	

1. Return Reviewed By:	
2. Assessment Reference No.:	
3. Remarks:	
Authorised Officer's Name & Signature:	
Official Stamp & Date	

INDIVIDUAL ANNUAL TAX RETURNS FORM
[Name of State] Internal Revenue Service)

RETURNS FOR EXEMPT INDIVIDUALS (SELF-EMPLOYED)

1. Full Name (Surname First):	
2. Does your business earn more than N12m turnover last year	[Yes / No] <i>(if yes, fill the standard form)</i>
3. Address:	
4. Taxpayer Identification (TAX ID):	
5. Phone Number:	
6. Year of Assessment (YOA):	
7. Date of Filing:	____ / ____ / _____
8. Employer's Name:	
9. Employer's Address:	
10. Any other information:	

DECLARATION

I, _____, hereby declare that the information provided in this Return is true, correct, and complete to the best of my knowledge. I understand that any false declaration, misrepresentation or omission is an offence under the Nigeria Tax Administration Act 2025.

Taxpayer's Signature:

Date:

____ / ____ / _____

FOR OFFICIAL USE ONLY

1. Return Reviewed By:

2. Assessment Reference No.:

3. Remarks:

Authorised Officer's Name & Signature:

Official Stamp & Date