









The 2026 Tax Regime: Important FAQs



December 2025

New Tax starts in January 2026, **who should be Worried?**

Question	Answer
 <p>When will the new Nigerian tax act take effect?</p>	<p>1st January 2026.</p> 

Question	Answer
 <p>Which specific individuals does the tax law apply to?</p>	<p>All individuals earning income in Nigeria, and Nigerians earning income abroad if they are tax residents in Nigeria.</p> 

Question	Answer
 <p>Who is exempt from personal income tax?</p>	<p>Individuals earning the national minimum wage or less, and those earning below ₦800,000 annually.</p> 

Question	Answer						
 <p>What are the new progressive tax bands?</p>	<table border="1"> <tbody> <tr><td>0 - 800,000: 0%</td></tr> <tr><td>801k - 3M: 15%</td></tr> <tr><td>3M+ - 12M: 18%</td></tr> <tr><td>12M+ - 25M: 21%</td></tr> <tr><td>25M+ - 50M: 23%</td></tr> <tr><td>50M+ : 25%</td></tr> </tbody> </table> 	0 - 800,000: 0%	801k - 3M: 15%	3M+ - 12M: 18%	12M+ - 25M: 21%	25M+ - 50M: 23%	50M+ : 25%
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Should I Be Worried?

Is My Money Safe?



I Earn, But Not Much

I Hustle for a Living



I Earn Beyond Borders

I'm Building Wealth

Is Any Income Truly Tax-Free?

Question	Answer
 Does this federal law replace state or local taxes?	 No. Federal and state tax systems remain separate.

I don't earn much, **what will happen?**

Question	Answer
 I'm a student with no job, will I pay tax?	 No. Without taxable income, no tax is due.

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If the Tax Man will Monitor Bank Accounts, What will Happen to my Money?

Question	Answer
 <p>Will transfers and deposits into my bank account be taxed?</p>	<p>No. Transfers, deposits, and withdrawals are not taxable events.</p> 

Question	Answer
 <p>Will the money I keep in my bank account be taxed?</p>	<p>No. Only earned income is taxable, not savings.</p> 

Question	Answer
 <p>Will tax authorities monitor business bank accounts more closely?</p>	<p>Yes. Monitoring will increase to ensure compliance.</p> 

Question	Answer
 <p>Will I pay tax on a loan I borrow or financing?</p>	<p>No. Loans (interest or non-interest) are not taxable income.</p> 

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How will the Tax Affect my Business?

Question	Answer
 <p>I run a one-man business. Do I pay personal or company income tax?</p>	<ul style="list-style-type: none"> • Business Name / Enterprise → Personal Income Tax • Limited Liability Company → Company Income Tax 
 <p>If my company's turnover is below ₦50 million, will I pay taxes?</p>	<p>No. Companies with turnover under ₦50 million are exempt from Company Income Tax. 2026 tax shift</p> 

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I work remotely, will my abroad income be taxed?

Question	Answer
 <p>I work remotely in Nigeria for a foreign company. Will I pay tax?</p>	<p>Yes, if the employer is not deducting tax abroad.</p> 

Question	Answer
 <p>Will Nigeria tax dividends or rent I earn from abroad?</p>	<p>No, if the income is brought into Nigeria through approved banking channels.</p> 

Question	Answer
 <p>Will a foreigner earning a salary in Nigeria be taxed?</p>	<p>No, if their employer is a startup (tech/creative) and the income is already taxed in their home country.</p> 

Question	Answer
 <p>Do creatives still enjoy tax exemption on foreign income?</p>	<p>No. Creatives must now pay Nigerian tax on all income, local or foreign.</p> 

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Will the tax affect my investment portfolio? **What about Crypto?**

Question	Answer
 <p>If I sell shares and make a profit, will I pay tax?</p>	<p>No, provided the share value is not above ₹150M and gains do not exceed ₹10M. Gains above ₹10M are taxed.</p> 

Question	Answer
 <p>Are crypto gains taxable?</p>	<p>Yes. Profits from crypto, NFTs, and digital assets are taxable.</p> 

Question	Answer
 <p>Is income from government bonds taxable?</p>	<p>No. Federal and state government bonds are tax-exempt.</p> 

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Question	Answer
 <p>If I sell shares and make a profit, will I pay tax?</p>	<p>I'm a pensioner. Will my pension income be taxed? A: No. Approved pension and retirement benefits are tax-exempt.</p> 

Question	Answer
 <p>Are military salaries taxable?</p>	<p>No. Military and armed forces salaries are tax-exempt.</p> 

Question	Answer
 <p>Is disability pension for armed forces members taxed?</p>	<p>No. Disability pensions are fully exempt.</p> 

Question	Answer
 <p>Will I pay tax on a large severance (gratuity) package?</p>	<p>Tax-free up to #50 million. Amounts above #50 million are taxed.</p> 

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Question	Answer
 What is the new rent relief?	 Tenants can claim 20% rent relief, capped at ₦500,000 annually.



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