BANWO & IGHODALO

NRS' Guidelines on the Taxation of Virtual Assets: Key Highlights, Implications and Compliance Obligations for Market Participants

August 28, 2026

Introduction

On 31 July 2026, the Nigeria Revenue Service ("**NRS**") issued the Guidelines on the Taxation of Virtual Assets in Nigeria (the "**Guidelines**"), establishing Nigeria's first comprehensive administrative framework for the taxation of virtual assets and virtual asset transactions. The Guidelines provide detailed guidance on the application of the Nigeria Tax Act, 2025 ("**NTA**") and the Nigeria Tax Administration Act, 2025 ("**NTAA**") to participants within Nigeria's rapidly evolving digital assets ecosystem.

The Guidelines, which became public on Monday, August 3, 2026, represent another important milestone in the implementation of the Federal Government's coordinated regulatory framework for digital assets, following the enactment of the *Investments and Securities Act, 2025* and issuance, on July 17, 2026, of the *Presidential Executive Order on Virtual Assets Coordination, 2026*.

The Guidelines apply to individuals, companies, Virtual Asset Service Providers ("**VASPs**"), peer-to-peer ("**P2P**") marketplace operators, financial institutions and every person that acquires, disposes of, exchanges or otherwise deals in virtual assets or derives income from virtual asset activities in Nigeria.

This regulatory alert highlights some of the key provisions of the Guidelines, examines their implications and outlines key compliance considerations for market participants.

Key Highlights

- **Comprehensive classification of virtual assets**

For the first time, the NRS classifies virtual assets into six distinct categories, namely:

i. cryptocurrencies and exchange tokens;
ii. stablecoins and payment tokens;
iii. security and investment tokens;

iv. utility and governance tokens;
v. non-fungible tokens (NFTs); and
sovereign digital currencies (including the eNaira).

The applicable tax treatment depends on the nature and economic characteristics of each category of virtual assets.

- **Broad scope of taxable activities**

The Guidelines confirm that taxable income may arise from a wide range of virtual asset activities, including:

⇒ trading and investment gains;
⇒ operation of exchanges and VASPs;
⇒ staking, mining and DeFi activities;
⇒ token issuance;
⇒ custody and wallet services;
⇒ brokerage and exchange services;
⇒ royalties and protocol rewards;
⇒ airdrops and certain hard fork distributions; and
⇒ professional fees or employment income received in virtual assets.

- **Clarification of non-taxable events**

Importantly, the Guidelines also provide certainty by confirming that certain activities do not, by themselves, constitute taxable events. These include:

⇒ merely holding virtual assets;
⇒ unrealised appreciation in value;
⇒ transfers between wallets beneficially owned by the same individual;
⇒ staking lock-up arrangements;
⇒ minting of NFTs;
⇒ tokenisation of real-world assets without a change in beneficial ownership;
⇒ collateralised loans; and
⇒ transactions involving central bank digital currencies such as the eNaira.

- **Multiple taxes may apply to a single transaction**

The Guidelines recognise that a single virtual asset transaction may trigger multiple tax obligations depending on its nature. Accordingly, depending on the specific taxable event involved, market participants may be required to account for:

i. income tax;
ii. withholding tax;
iii. value added tax ("**VAT**"); and
iv. stamp duties.

- **Introduction of a dollar-referenced methodology**

One of the more notable features of the Guidelines is the introduction of a USD-referenced methodology for computing gains, on certain categories of virtual assets.

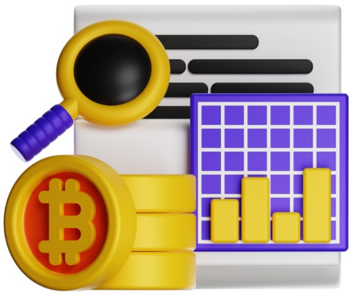
Under this approach, taxable gains are determined by reference to the change in the United States Dollar value of the asset, with the resulting gain subsequently translated into Naira using the applicable Central Bank of Nigeria (CBN)/ Nigerian Autonomous Foreign Exchange Market (NAFEM) exchange rate.

This methodology is intended to distinguish real economic gains from gains attributable solely to exchange rate movements.

- **Detailed rules for emerging digital asset activities**

The Guidelines contain specific tax rules covering several digital asset activities that have historically presented uncertainty, including:

⇒ staking;
⇒ mining;
⇒ decentralised finance (DeFi);
⇒ liquidity rewards;
⇒ token swaps;
⇒ wrapped tokens;
⇒ DeFi receipt tokens;
⇒ NFTs;
⇒ airdrops; and
⇒ hard forks.



Compliance Obligations

The Guidelines significantly expand the compliance obligations applicable to taxpayers and VASPs. Among other things, market participants are expected to:

i. register for tax purposes and obtain Tax Identification Numbers where applicable;
ii. maintain adequate books and transaction records;
iii. comply with applicable filing and reporting obligations;
iv. deduct and remit withholding taxes where required;
v. account for VAT on taxable supplies;
vi. collect and remit applicable stamp duties; and
maintain documentation supporting valuations and tax computations.

VASPs and P2P marketplace operators are also assigned important withholding, reporting and tax administration responsibilities under the Guidelines.

Practical Implications

The Guidelines have significant implications for participants across Nigeria's digital assets ecosystem. In particular:

⇒ **VASPs** will need to review their onboarding procedures, tax reporting systems, withholding processes and compliance frameworks.
⇒ **Fintech companies** should assess whether their products or business models fall within the scope of the Guidelines.
⇒ **Institutional and individual investors** should review transaction documentation, valuation methodologies and record-keeping practices to facilitate accurate tax reporting.
⇒ **Businesses accepting virtual assets as consideration for goods or services** should consider the VAT and income tax implications arising from such transactions.
⇒ **Foreign operators with Nigerian virtual asset activities** should evaluate whether the provisions relating to Nigerian-source income or significant economic presence apply to their operations.

Penalties for Non-Compliance

The Guidelines prescribe significant administrative penalties for various compliance failures, including failures relating to registration, filing, record-keeping, withholding, remittance and compliance by VASPs and P2P marketplace operators. Businesses operating within the virtual assets' ecosystem should therefore review their compliance frameworks to ensure alignment with the new requirements.

Conclusion

The issuance of the Guidelines marks another significant milestone in the evolution of Nigeria's digital assets regulatory framework. Beyond clarifying the tax treatment of virtual asset transactions, the Guidelines establish a comprehensive compliance framework for taxpayers, VASPs and other market participants while providing greater certainty on the taxation of emerging digital asset activities.

Businesses, investors and other participants in the virtual assets space should carefully review the Guidelines and assess their existing structures, systems and compliance processes to ensure readiness for the new tax administration framework.

As developments in this rapidly evolving market continue to unfold, businesses and investors should not only review their processes to align with the regulatory and tax implications of the Guidelines but also seek necessary legal and other professional advice on developing appropriate compliance strategies.

CONTACT PERSONS

Ayodele Adeyemi-Faboya

Partner

E: afaboya@banwoighodalo.com

Seyi Bella

Partner

E: sbella@banwo-ighodalo.com

Oluwatoba Oguntuase

Senior Practice Support Lawyer

E: Ooguntuase@banwo-ighodalo.com