New Tax Acts
& Nigerians in the Diaspora

The new Tax Acts, which take effect from January 2026, primarily affect Nigerians in the diaspora based on tax residency status and the source of income, not citizenship. The reforms clearly protect personal remittances and foreign-earned income of non-residents, while outlining tax obligations only where income is derived from Nigeria. Importantly, safeguards have been introduced to prevent double taxation.

Key Implications for Nigerians in the Diaspora

- **Tax Residency Rule**

  An individual is regarded as a Nigerian tax resident if he or she is physically present in Nigeria for 183 days or more within any 12-month period.

  Non-Residents:

  Nigerians who live and work abroad for most of the year are generally classified as non-residents. They are liable to tax only on income sourced from Nigeria, such as:

  - Rental income from property located in Nigeria
  - Dividends from Nigerian companies
  - Business profits from Nigerian operations

  Residents:

  Where a diaspora Nigerian spends sufficient time in Nigeria to be considered tax resident, they may be taxed on worldwide income, subject to applicable reliefs, allowances, and exemptions.

- **Remittances Are Not Taxable**

  Genuine personal remittances including family support, gifts, community contributions, and personal transfers are not treated as taxable income under the new tax laws.

- **Foreign-Earned Income**

  Income earned from employment or business activities entirely outside Nigeria by a non-resident individual is exempt from Nigerian tax, even where such funds are transferred into Nigeria. This includes income earned by remote workers employed by foreign entities.

- **Double Taxation Protection**
  Nigeria has Double Taxation Agreements (DTAs) with several countries (including the UK, Canada, and South Africa), ensuring that income already taxed abroad is not taxed again in Nigeria. Where no DTA exists, the new tax laws provide unilateral tax relief to prevent double taxation.

- **Tax Identification Number (TIN)**
  A Tax Identification Number (TIN) is required only for individuals who have taxable income or business activities in Nigeria. Diaspora Nigerians may obtain a TIN using their National Identification Number (NIN) where required for Nigerian-based investments or business transactions.

- **Investments in Nigeria**
  - Profits from diaspora-owned SMEs in Nigeria are taxable; however, small businesses below the applicable turnover thresholds are eligible for corporate tax exemptions.
  - Gains from the disposal of Nigerian assets (such as shares or property) may attract Capital Gains Tax (CGT).
  - Certain investments, including government bonds and Sukuk, are tax-exempt.
  - Incentives are available for investments in priority sectors such as agriculture, manufacturing, and the creative industry.

Q&A Frequently Asked Questions

1. Will money I send to Nigeria for family support, upkeep, gifts, or projects be taxed under the new laws?

No. Genuine personal transfers such as family remittances, gifts, refunds, and community contributions are not considered taxable income. Only income earned or deemed to be income (such as salaries, business profits, or investment returns) is subject to tax. Tax authorities are expected to issue detailed guidelines to distinguish taxable from non-taxable inflows.

2. Will I be taxed twice abroad and in Nigeria on the same income?

No. Foreign income earned by a non-resident individual and brought into Nigeria is expressly exempt from Nigerian tax, regardless of whether it was taxed abroad. In addition, Nigeria's DTAs and unilateral relief provisions ensure that the same income is not taxed twice.

3. How is tax residency determined, and does dual citizenship affect tax status?

Tax residency is based solely on the 183-day physical presence rule. Non-residents are taxed only on Nigerian-source income. Foreign employment or business income of non-residents is not taxable in Nigeria. Dual citizenship has no impact on tax status.

4. How do the new laws affect investments such as stocks, real estate, bonds, and treasury instruments?

Government bonds and Sukuk are tax-exempt.
Capital Gains Tax applies to the disposal of certain assets, including real estate (excluding owner-occupied properties) and large share disposals beyond specified thresholds.

Dividends, rental income, and non-government bond interest are subject to withholding tax, which may be reduced under applicable DTAs.

5. Are pensions, stipends, or remote work earnings taxable if paid into a Nigerian bank account?

Payment into a Nigerian account does not automatically make income taxable. For non-residents, only income arising from work performed in Nigeria is taxable. Foreign pensions, stipends, and remote work earnings remain exempt unless linked to Nigerian-based activities.

6. Do Nigerians abroad need a TIN or need to file annual tax returns in Nigeria?

Only individuals earning employment or business income from Nigeria are required to obtain a TIN and file tax returns. Non-residents without Nigerian-source income are not obligated to file returns.
Personal bank accounts do not require a TIN unless used for business or income-generating purposes.

6. How can diaspora Nigerians obtain a TIN if required?

Individuals may apply through the Joint Tax Board portal, while companies receive TINs automatically upon registration with the

Corporate Affairs Commission. Existing businesses without a TIN may apply through the Federal Inland Revenue Service (FIRS).

8. How are NGOs and diaspora-owned SMEs affected?

NGOs remain tax-exempt provided they are properly registered, operate for charitable purposes, and comply with reporting requirements. Diaspora-owned SMEs are taxed like other Nigerian businesses but are eligible for incentives and reliefs available to small enterprises.

9. Are there incentives for diaspora Nigerians under the new reforms?

Yes. Incentives apply broadly to qualifying investments, including SME tax reliefs, sector-specific incentives, and exemptions such as VAT relief on real estate transactions.

10. How will accountability and transparency in tax usage be ensured?

The reforms strengthen transparency through public reporting requirements, governance structures, independent oversight, and safeguards for taxpayer data. Measures are also being implemented to link tax revenues more directly to infrastructure and public service delivery.

KEY TAKEAWAY

The new tax reforms are designed to create a fairer, clearer, and more globally aligned tax system. They protect Nigerians in the diaspora from unnecessary tax burdens, eliminate double taxation, clarify obligations, and encourage sustainable investment in Nigeria.

For further guidance or support, our Zenith Bank Diaspora Department remains available to assist you.

Kindly reach us via email
diaspora.banking@zenithbank.com
OR call +2342012786225, 07040000825

ZENITH

...in your best interest