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TAX REFORM:

**Key Provisions of the Nigeria
Presumptive Tax Regulations, 2026**



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Overview

As part of the implementation of the tax reform in Nigeria, the former Minister of Finance and Coordinating Minister of the Economy, Mr. Wale Edun¹, acting on the advice of the Joint Revenue Board of Nigeria, issued the Nigeria Presumptive Tax Regulations, 2026 (the “**Regulations**”) pursuant to Section 29 of the Nigeria Tax Act, 2025 (the “**NTA**”). The Regulations, which were only published in the Official Gazette No. 85 of 13th May, 2026, took effect from 1st January 2026. The Regulations establish a simplified income tax regime for individuals and businesses whose incomes cannot be ascertained with reasonable accuracy or whose records are insufficient to support standard income tax assessment.

This update examines the key provisions of the Regulations, including its scope, exemptions, applicable rates, filing obligations, and dispute resolution mechanisms, and considers their implications for businesses and individuals operating in Nigeria's informal sector.

1. Scope of the Regulations

The Regulations apply to two broad categories of taxable persons, namely:

- a) persons whose businesses are not organised or structured in a manner that ensures the keeping of adequate records for tax purposes; and
- b) persons whose income cannot be ascertained with reasonable accuracy, including where relevant information has been deliberately withheld, concealed, or misrepresented, or where it is otherwise impracticable to provide such information under the NTA.²

Where any person covered under the Regulations does not possess a Taxpayer Identification (“**Tax ID**”), the Relevant Tax Authority (“**RTA**”) may register and assign the person a Tax ID.

2. Exemptions

The following persons are exempt from the presumptive tax regime:

- a) Persons exempt from income tax under Section 162 of the NTA; and

¹ We note that Chief Wale Edun resigned from office as the Minister of Finance and Coordinating Minister of the Economy on 22nd April 2026 and has been replaced by Mr. Taiwo Oyedele.

² Paragraph 3(1) of the Regulations.



- b) Nano businesses³ including those listed in Schedule 1 to the Regulations. These include roadside food vendors, mobile barbers, tailors using manual sewing machines, local cobblers, newspaper vendors, sachet water hawkers, wheelbarrow pushers, and similar petty traders whose estimated net income would attract a 0% tax rate under the NTA.⁴

Exempt persons may obtain a Tax Exemption Certificate or Sticker from the RTA, issued free of charge and valid for one year. The certificate or sticker is renewable upon revalidation of the taxpayer's continued eligibility for the exemption.

3. Tax Assessment, Rates and Ascertainment of Turnover

Taxable persons under the presumptive tax regime ("PTR") are assessed to income tax at 1% of their actual or estimated turnover. The Regulations adopt a 'deemed income approach' in determining the turnover of taxpayers covered by the PTR.⁵ Where adequate information is unavailable, the RTA may estimate a taxpayer's turnover using its best judgment, having regard to all relevant circumstances, including the nature of the business, the taxpayer's lifestyle, and the volume of electronic and cash transactions.

Where only the taxpayer's average daily turnover can reasonably be determined, the annual turnover shall be computed by multiplying the estimated daily turnover by the estimated number of days the business operated during the year, subject to a maximum of 300 working days.

4. Presumptive Tax on Capital Gains

The Regulations also introduce a simplified capital gains tax regime for individuals within the PTR. Where a transaction gives rise to a chargeable gain accruing to an individual under the NTA, a presumptive capital gains tax of 2% of the consideration is due.⁶ This must be remitted to the RTA within 30 days from the: (a) earlier of the date the transaction is concluded, or (b) date the consideration is received. This provision applies to disposals of chargeable assets, including land, buildings, movable assets, shares, and intangible property, unless specifically exempted under the NTA.

³ This is defined by the Regulations as sole proprietorships or household-run businesses with no fixed premises, no formal employees, and an annual turnover not exceeding NGN12 million (approximately NGN40,000 daily, assuming 300 working days).

⁴ Paragraph 4 of the Regulations.

⁵ Paragraph 10(1) of the Regulations.

⁶ Paragraph 7(1) of the Regulations.



5. Filing of Returns and Payment of Presumptive Tax

Tax returns under the Regulations shall be filed in the form prescribed by the RTA and, where necessary, a tax official may assist the taxpayer in completing the returns.⁷ The RTA may also issue simplified income tax return guidelines in line with the Nigeria Tax Administration Act, 2025 (“NTAA”). A taxable person may elect to exit the PTR and file self-assessment returns under the self-assessment regime, provided that the RTA is notified before the filing due date for the relevant year of assessment.⁸ Taxpayers who opt out of the PTR must file returns in accordance with Section 13 of the NTAA. Presumptive tax is due and payable on or before the filing date prescribed under the self-assessment regime in the applicable tax law.⁹

To promote transparency and improve tax administration, the Regulations require all payments to be made electronically through approved channels including USSD codes, POS terminals, bank transfers, mobile apps, and licensed fintech platforms. Collection of taxes in cash or through roadblocks is expressly prohibited.

6. Dispute Resolution

A taxpayer who disagrees with an assessment under the PTR may object in writing to the RTA within 30 days of receiving the assessment. If not satisfied with the outcome, the taxpayer may escalate the matter to the Office of the Tax Ombud or the Tax Appeal Tribunal.

7. Conclusion

The Regulations represent a significant step toward broadening Nigeria's tax base by bringing the informal sector into the tax net through a simplified, low-barrier compliance framework. Businesses and individuals should carefully assess whether they fall within the scope of the regime and consider whether they would prefer to be assessed under the PTR or under the ordinary self-assessment regime. At the same time, taxpayers should recognise that maintaining proper books and records remains the most effective means of ensuring that tax liabilities are determined based on actual income rather than presumptive assessments.

⁷ Paragraph 5(1) of the Regulations.

⁸ Paragraphs 4(4) and (5) of the Regulations.

⁹ Paragraph 8(1) of the Regulations.

Disclaimer

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