

Nigeria Tax Act (NTA) 2026

What Freelancers and Remote Workers Need to Know



This guide explains how the Nigeria Tax Act (NTA) 2026 affects individuals earning income remotely from Nigeria. It is intended to help freelancers and remote workers understand their tax obligations and avoid common compliance mistakes. The Nigeria Tax Act (NTA) 2026 is effective from 1 January 2026.

Overview of the Nigeria Tax Act (NTA) 2026

The Nigeria Tax Act (NTA) 2026 introduces a revised tax framework that clarifies how freelancers, independent contractors, and remote workers must calculate, file, and pay personal income tax in Nigeria.

Under this Act, self-assessment is mandatory, meaning individuals are personally responsible for:

- ◆ Calculating their tax correctly
- ◆ Filing their tax returns
- ◆ Paying any tax due on time

Who does the Nigeria Tax Act apply to

The Act applies to:

- ◆ Freelancers and independent contractors
- ◆ Remote workers earning income while resident in Nigeria
- ◆ Individuals earning digital or non-traditional income
- ◆ Nigerian tax residents earning local or foreign income

If you earn income while being a Nigerian tax resident, these rules apply to you.

Why the Nigeria Tax Act matters for freelancers and remote workers

Previously, many freelancers treated taxes as something to address at the end of the year. Under the NTA 2026, this approach carries increased risk.

Tax assessments are now based on:

- ◆ When income is received
- ◆ How much income is earned
- ◆ Recorded and allowable deductible expenses
- ◆ The official Central Bank of Nigeria (CBN) exchange rate on the date income is received

Waiting until year-end to calculate taxes may lead to errors, penalties, or overpayment.

Filing requirements and taxable income

Filing obligations

If your annual income is below ₦800,000, no personal income tax is payable. However, filing a tax return is still relevant, even when no tax is due.

Types of taxable income

Taxable income may include:

- ◆ Freelance and contract income
- ◆ Remote employment income
- ◆ Digital platform and marketplace income
- ◆ Cryptocurrency and NFT income
- ◆ Prizes, honoraria, and similar earnings

For Nigerian tax residents, both local and foreign income may be taxable.

How personal income tax is calculated (example)

Nigeria uses a progressive tax system, meaning income is taxed in portions ("slices"), with higher portions taxed at higher rates.

Example: Sepe is a freelance software developer earning ₦5,000,000 annually.

Tax calculation before deductions

Income slice	Rate	Tax
First ₦800,000	0%	₦0
Next ₦2,200,000	15%	₦330,000
Remaining ₦2,000,000	18%	₦360,000

Total tax before deductions: ₦690,000

Deductions and allowances

Tax is calculated on taxable income, not gross income. Legitimate and documented business expenses may be deducted.

Example deductions

- ◆ Internet and data: ₦240,000
- ◆ Laptop (20% annual capital allowance): ₦90,000
- ◆ Software subscriptions: ₦180,000
- ◆ Rent: ₦300,000

Total deductions: ₦810,000

Taxable income: ₦4,190,000

Recalculated tax: ₦544,200

By maintaining proper records, Sepe legally reduces his tax liability by ₦145,800.

Allowable deductions and tax reliefs

Common allowable deductions include:

- ◆ Internet and data costs
- ◆ Software and digital tools
- ◆ Equipment and work devices
- ◆ Rent (where applicable)
- ◆ Capital allowances on qualifying assets

All deductions must be supported by proper documentation.

Rent Relief Allowance (RRA) – New update under NTA 2026

A key update under the Nigeria Tax Act 2026 is the introduction of the Rent Relief Allowance (RRA), which replaces the former Consolidated Relief Allowance.

How RRA works

The RRA allows a deduction equal to the lower of 20% of the annual rent paid or ₦500,000. This relief applies to eligible employees and reduces taxable income for PAYE calculations.

Required documentation

For payroll and tax computation purposes, the following documents are required:

- ◆ A valid tenancy agreement or lease, and
- ◆ Rent receipts or landlord confirmation

This documentation is generally required once per year, or whenever there is a change in rent amount or accommodation details. It is not a monthly submission requirement.

Treatment of foreign income

Foreign income must be converted using the official CBN exchange rate applicable on the date the income is received. Year-end average exchange rates should not be used.

Benefits in kind

Benefits in kind refer to non-cash benefits received as part of work arrangements.

Examples include:

- ◆ Housing benefits (up to 20% of gross income)
- ◆ Employer-provided assets (up to 5% of asset cost)

These benefits may be taxable depending on how they are provided.

Presumptive tax

Where records are incomplete or inconsistent, tax authorities may apply presumptive tax, estimating income instead of calculating it from records.

To reduce this risk:

- ◆ Maintain accurate financial records
- ◆ Keep a valid Tax Identification Number (TIN)
- ◆ Use separate personal and business accounts

Note: A Tax Identification Number (TIN) is mandatory for all freelancers and independent workers.

Common compliance mistakes and best practices

Common mistakes

- ◆ Inconsistent income tracking
- ◆ Ignoring deductible expenses
- ◆ Using incorrect exchange rates
- ◆ Waiting until year-end to calculate taxes
- ◆ Filing late or not filing at all

Best practices

- ◆ Track income and expenses regularly
- ◆ Keep receipts and supporting documents
- ◆ Use official CBN exchange rates
- ◆ File tax returns annually
- ◆ Maintain an active TIN

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Have you got any questions?

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