



Presidential Fiscal Policy & Tax Reforms Committee

FIFTY (50) TAX EXEMPTIONS AND RELIEFS

**That Will Benefit The Masses Under The
New Tax Reform Laws**

Effective from 1 January 2026

From 1 January 2026, the new tax laws will provide many reliefs and exemptions for low-income earners, average taxpayers, and small businesses including:

■ **Personal Income Tax or PAYE**

1. Individuals earning the national minimum wage or less (exempt)
2. Annual gross income up to ₦1,200,000 (translating to about ₦800,000 taxable income) is exempt
3. Reduced PAYE tax for those earning annual gross income up to ₦20 million
4. Gifts (exempt)

■ **Allowable Deductions & Reliefs for individuals**

5. Pension contribution to PFA
6. National Health Insurance Scheme
7. National Housing Fund contributions
8. Interest on loans for owner-occupied residential housing
9. Life insurance or annuity premiums
10. Rent relief – 20% of annual rent (up to ₦500,000)

■ **Pensions & Gratuities – Exempt**

- 11. Pension funds and assets under the Pension Reform Act (PRA) are tax-exempt.
- 12. Pension, gratuity or any retirement benefits granted in line with the PRA
- 13. Compensation for loss of employment up to ₦50 million

■ **Capital Gains Tax (CGT) – Exempt**

- 14. Sale of an owner-occupied house
- 15. Personal effects or chattels worth up to ₦5 million
- 16. Sale of up to two private vehicles per year
- 17. Gains on shares below ₦150 million per year or gains up to ₦10 million
- 18. Gains on shares above exemption threshold if the proceed is reinvested
- 19. Pension funds, charities, and religious institutions (non-commercial)

■ **Companies Income Tax (CIT) – Exempt**

- 20. Small companies (turnover not more than ₦100 million and total fixed assets not more than ₦250 million) pay 0% tax
- 21. Eligible (labelled) startups are exempt
- 22. Compensation relief – 50% additional deduction for salary increases, wage awards, or transport subsidies for low-income workers
- 23. Employment relief – 50% deduction for salaries of new employees hired and retained for at least three years
- 24. Tax holiday for the first 5-years for agricultural businesses (crop production, livestock, dairy etc)
- 25. Gains from investment in a labeled startup by venture capitalist, private equity fund, accelerators or incubators

■ **Development Levy – Exempt**

- 26. Small companies are exempt from 4% development levy

■ **Withholding Tax – Exempt**

- 27. Small companies, manufacturers and agric businesses are exempt from withholding tax deduction on their income
- 28. Small companies are exempt from deduction on their payments to suppliers

■ **Value Added Tax (VAT) – 0% or Exempt**

- 29. Basic food items – 0% VAT
- 30. Rent – Exempt
- 31. Education services and materials – 0% VAT

- 32.** Health and medical services
- 33.** Pharmaceutical products – 0% VAT
- 34.** Small companies ($\leq$ ₦100m turnover) are exempt from charging VAT
- 35.** Diesel, petrol, and solar power equipment – VAT suspended or exempt
- 36.** Refund of VAT on assets and overheads to produce VATable or 0% VAT goods and services
- 37.** Agricultural inputs – fertilizers, seeds, seedlings, feeds, and live animals
- 38.** Purchase, lease or hire of equipment for agric purposes
- 39.** Disability aids – hearing aids, wheelchairs, braille materials
- 40.** Transport – shared passenger road transport (non-charter)
- 41.** Electric vehicles and parts – exempt
- 42.** Humanitarian supplies – exempt
- 43.** Baby products
- 44.** Sanitary towels, pads or tampons
- 45.** Land and building

■ **Stamp Duties – Exempt**

- 46.** Electronic money transfers below ₦10,000
- 47.** Salary payments
- 48.** Intra-bank transfers
- 49.** Transfers of government securities or shares
- 50.** All documents for transfer of stocks and shares

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Nominate a content creator who's been educating their audience about Nigeria's new tax reform laws or someone you'd like to see do so.

We'll be selecting the top 20 creators with the most nominations for a special training to help them share accurate, balanced, and useful tax information with their followers.

Misinformation spreads fast, often to the author's benefit but to the audience's loss. Accurate information may travel slower, but it empowers everyone, and earns lasting trust.

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