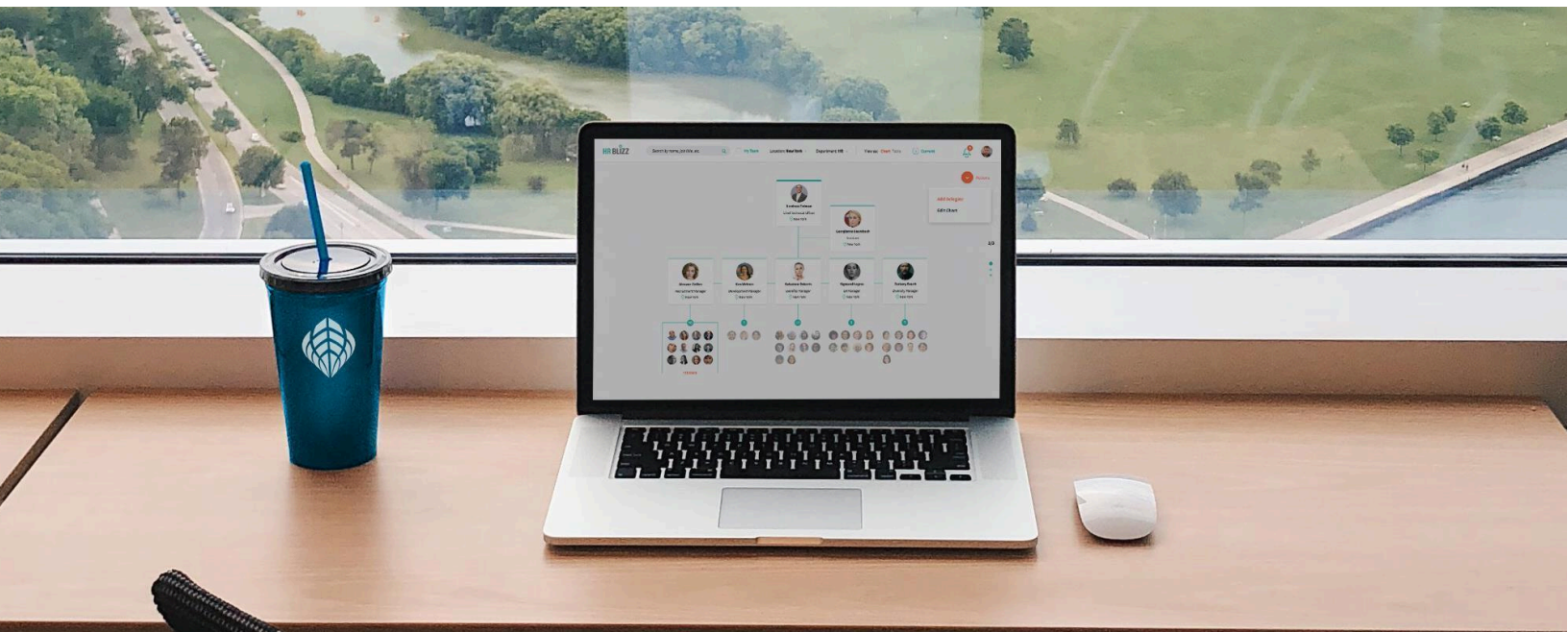


# Statutory Change Alert

Nigeria – Changes to Personal Income Tax –  
September 2025



**NIGERIA**



Sep 11, 2025

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# We help you achieve your global ambitions

Thank you for trusting Mercans to outsource your HR and Payroll functions. We propose HR consulting services, actionable solutions, and cost-effective global payroll processing tools to energize your human capital management in real-time and augment your performance. We are dedicated to becoming your business growth facilitator.



## **Global Payroll Solutions – Boost your HR brand and employee satisfaction**

Rationalize your HR budgets, monitor your data, and optimize your global payroll tasks in real-time. Systematize processes and streamline HRM lifecycles with HR Blizz™, our unified SaaS platform, to ensure your employees are paid accurately and on time.



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## Mercans at a Glance

<b>160+</b> Countries	<b>20</b> Years of Success	<b>1K+</b> Payroll and HR Specialists
<b>22k+</b> Clients Worldwide	<b>97%</b> Client Retention Rate	<b>1.5X</b> Annual Revenue Growth
<b>95k+</b> Largest Single Country Payroll	<b>25M+</b> Pay Slips per Annum	<b>0</b> Security Breaches

**Number one** for outsourced payroll services, we are endorsed by international authorities.



**Mercans has the highest industry quality and IT security certificate certificate**





# Nigeria - Changes to Personal Income Tax - September 2025

## Overview of the Tax Reform Acts

On June 26, 2025, the President of Nigeria signed four new tax reform bills into law, which are considered the most significant overhaul of the country's tax structure since 1999. The reforms are intended to streamline tax administration, boost tax compliance, and align with global standards. The new laws also replace and consolidate over a dozen existing federal tax laws, including the Personal Income Tax Act (PITA), into a single statute.

The four landmark legislations are:

- Nigeria Tax Act 2025
- Nigeria Tax Administration Act 2025
- Nigeria Revenue Service Act 2025
- Joint Revenue Board Act 2025

## Changes to Personal Income Tax (Effective January 1, 2026)

A new progressive tax structure for individual income taxes will be implemented starting January 1, 2026. The new progressive tax regime provides significant relief to low-income earners, while higher-income earners will be taxed at a higher rate. The new rates are lower for middle-income earners compared to the previous rates.

- A full tax exemption has been introduced for minimum wage earners with an annual income of less than or equal to N800,000.
- **The Consolidated Relief Allowance (CRA) has been completely abolished.**
- A new Rent Relief system has been introduced in its place, calculated as the lower of NGN500,000 or 20% of the annual rent paid by an individual. This replaces the previous CRA, which for many taxpayers may result in a lower relief value.
- The exemption threshold for compensation for loss of employment will increase from **NGN10,000,000 to NGN50,000,000.**
- Capital Gains Tax for individuals will now be taxed at the applicable progressive income tax rate based on the individual's income brackets.

The new annual income tax rates are as follows:



Annual Income Bracket (₦)	Tax rate (%)
0-800,000	0
800,001-3,000,000	15
3,000,001-12,000,000	18
12,000,001-25,000,000	21
25,000,001-50,000,000	23
Above 50,000,000	25

### Corporate Tax Changes (Effective April 1, 2026)

- The minimum tax has been abolished.
- A global minimum tax rate of 15% for multinational firms has been introduced, aligning with the OECD's Pillar II framework.
- The Capital Gains Tax for companies has been increased from 10% to 30%.
- A new Development Levy of 4% on assessable profits replaces multiple other levies, such as the Tertiary Education Tax and the Police Trust Fund levy.
- The exemption threshold for small businesses has been raised. Small companies are now defined as those with an annual turnover of N100 million or less and total fixed assets not exceeding N250 million, and are exempt from Companies Income Tax, Capital Gains Tax, and the new Development Levy.

### Implementation Timeline

Reform Area	Effective Date
Personal Income Tax	January 1, 2026
Corporate Tax Changes	April 1, 2026
New Revenue Service	July 1, 2026
Digital Tax system	October 1, 2026

We recommend that all relevant parties become familiar with these new rates and the tax structure as the effective dates approach. If you require additional support, please contact your Mercans' services delivery team.

.Please contact your Mercans' services delivery team for any additional information regarding the implications of the above change.

## They already trust Mercans







# What Makes Mercans your HR and Payroll **Partner of Choice?**

## **We Simplify Employment Tasks Worldwide**

### **Everywhere for Everyone**

We are a borderless people engagement enabler, driven by technology and innovation. We deliver bespoke human capital management services and global payroll solutions to empower businesses across 110+ countries regardless of their organizations' size and their industry. We pride ourselves on being global people experts with a striking local presence, committed to making your teams happy, and ensuring the consistent and sustainable growth of your organization.

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Supported by 500+ payroll and HR specialists with in-depth local knowledge, Mercans operate globally. Our pioneering human resources consulting services and trailblazing SaaS platforms are already satisfying 5,000+ international clients, ensuring timely measurable results and bottom-line savings. Thanks to success-oriented teams striving for excellence and taking care of our clients' tasks within budget, we have gained the trust of major multinational companies.

### **A Revolutionary Service Delivery System**

Say goodbye to third-party service providers, offshore call centers, fragmented data, and endless chains of sub-contracts.

Mercans cloud-based SaaS Products, HR Blizz™ & Mesar™, combine the performance of proprietary technologies with a human touch. Cost-effective, they are fully-compliant self-service tools, packed with smart built-in features for your peace of mind. All your data are integrated into single interfaces accessible from everywhere and on any device.

### **Trailblazing Cloud-Based SaaS Products**

HR Blizz & Mesar, our Software-as-a-Service platforms, both propose a preconfigured API integration capability with all the major global HRMS platforms, including SuccessFactors, Workday, Oracle HCM, and MS Dynamics. All Mercans systems and processes are GDPR compliant, ISO 9001, 20000, 27001 certified, and SOC 1 and SOC 2 audited. A registered Finpro expert, Mercans is also a member of the Global Payroll Association and the Global Payroll Management Institute.





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