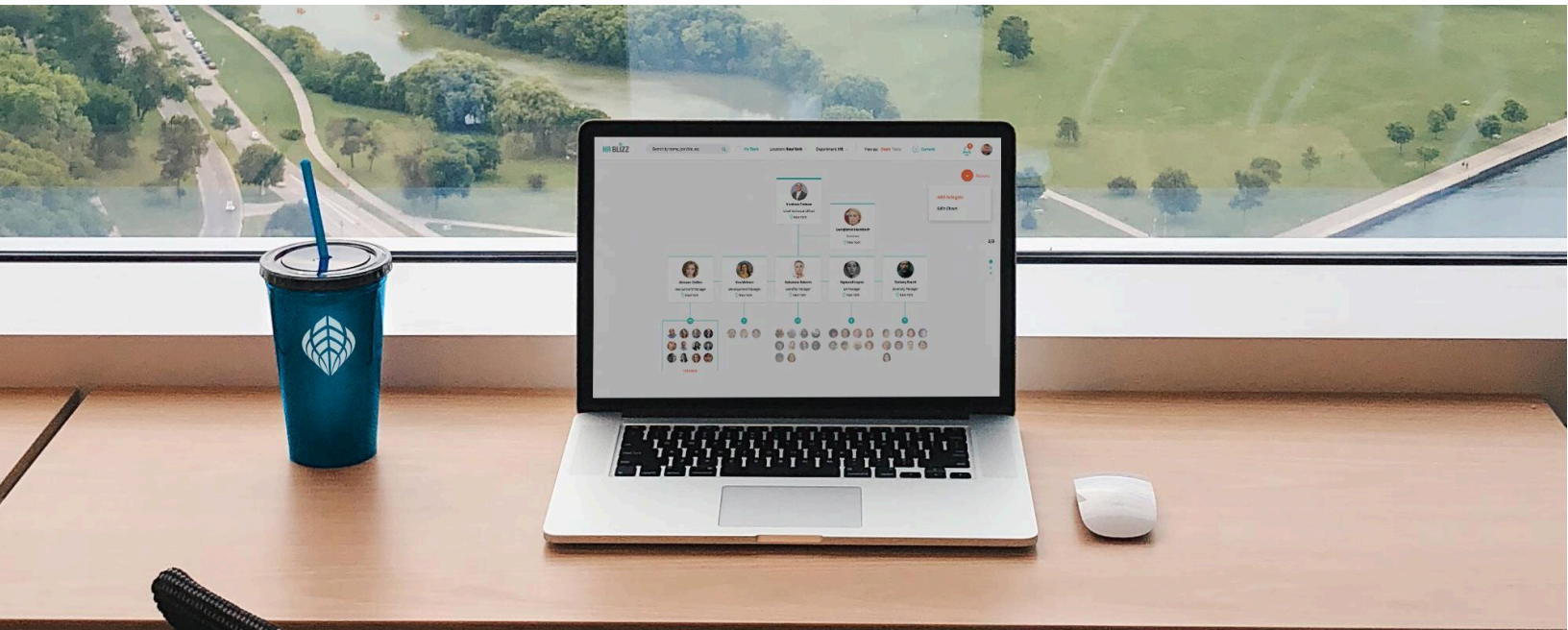


Statutory Change Alert

Nigeria – Changes to Personal Income Tax –
September 2025



NIGERIA



Sep 11, 2025

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95k+ Largest Single Country Payroll	25M+ Pay Slips per Annum	0 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





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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. - EASY**
- 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.**

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

Implementation Timeline

Reform Area	Effective Date
Personal Income Tax	January 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





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