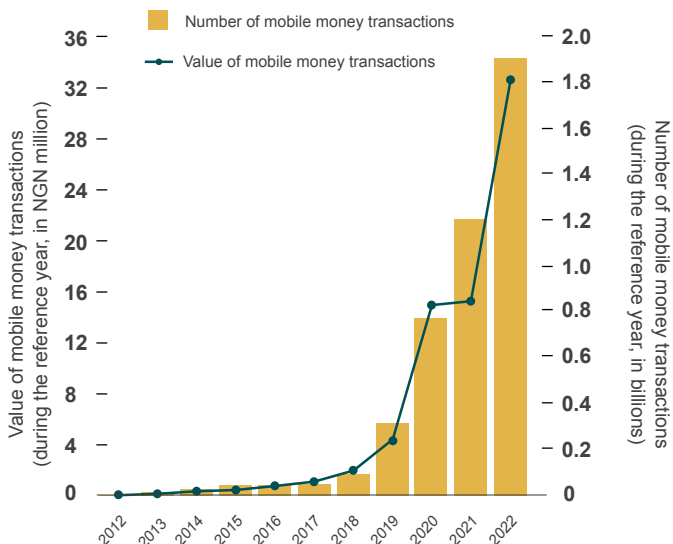


Taxation of digital financial services in Nigeria

February 2024



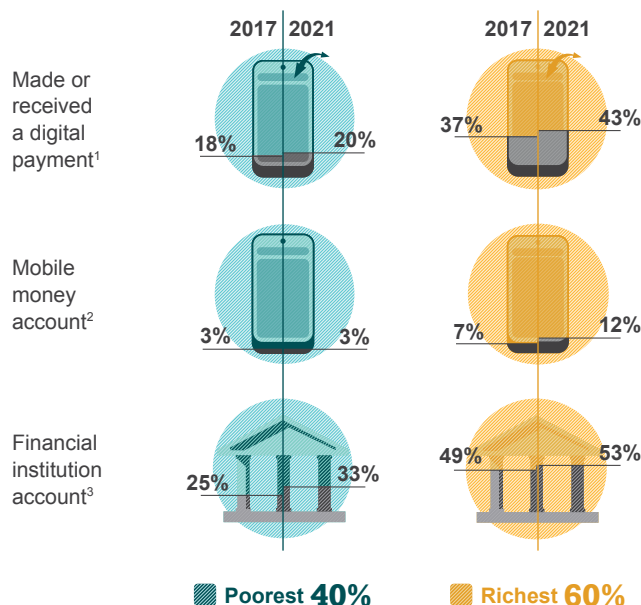
1. Who uses digital financial services, and how much?



Between 2012 and 2022, the value and volume of mobile money transactions have grown in Nigeria

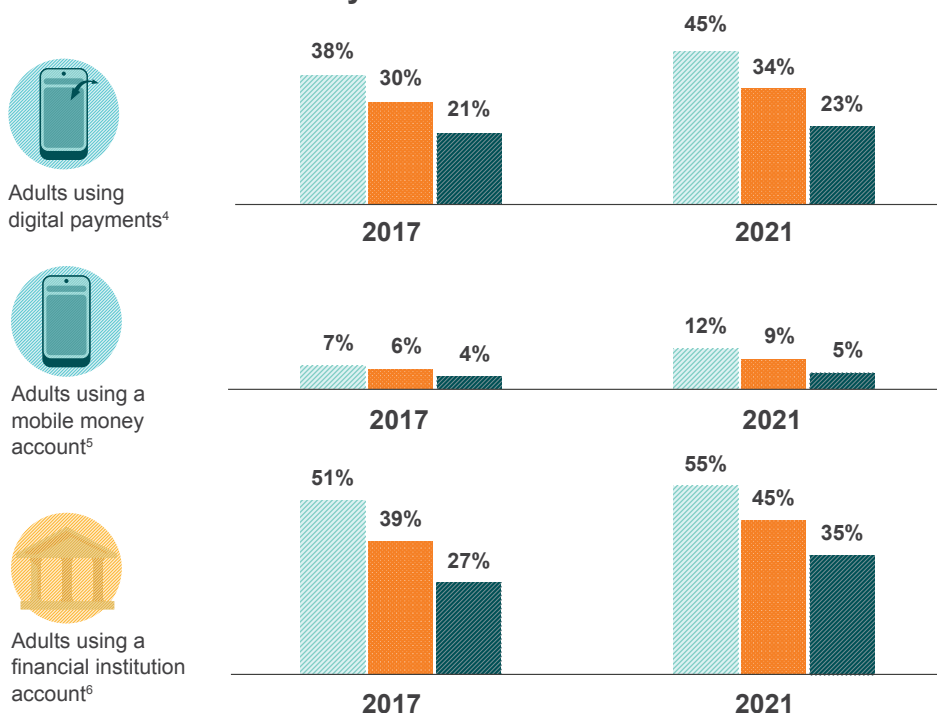
Source: International Monetary Fund, Financial Access Survey data (2024)

DFS usage and account ownership are increasing, particularly among the richest 60% of the population

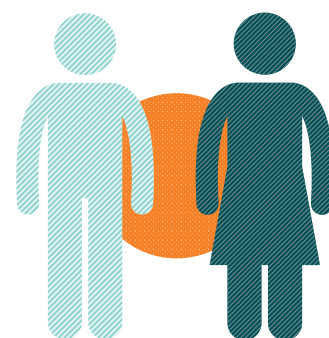


Source: 1, 2, 3. World Bank, *The Global Findex Database* (2021)

Digital payment and account use varies by user group. Men are twice more likely than women to own a mobile money account





Men Total Adults Women



Note: responses are from participants aged 15 years and above

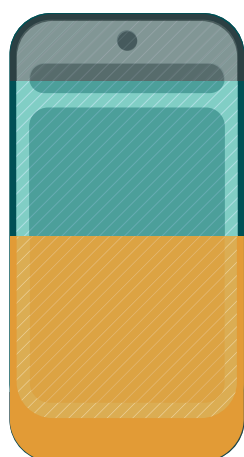
Source: 4, 5, 6. World Bank, *The Global Findex Database* (2021)

2. How are digital financial services taxed?

	Rate	Tax
<p>Nigeria applies an electronic money transfer levy to electronic money transfers and deposits from NGN 10,000 and above</p>	 <p>NGN 50 (USD 0.031)</p>	Electronic Money Transfer Levy (EMTL) applied to electronic receipts or electronic transfers of money deposited in any deposit money bank or financial institution on any type of account, for any transfer of NGN 10,000 (USD 6.23) or more (<u>introduced</u> by the Finance Act 2020) ¹
	 <p>7.5%</p>	VAT applied to fees or charges payable to banks, non-bank financial institutions or telecom service providers ²



The revenue from the **Electronic Money Transfer Levy** is distributed as follows:³



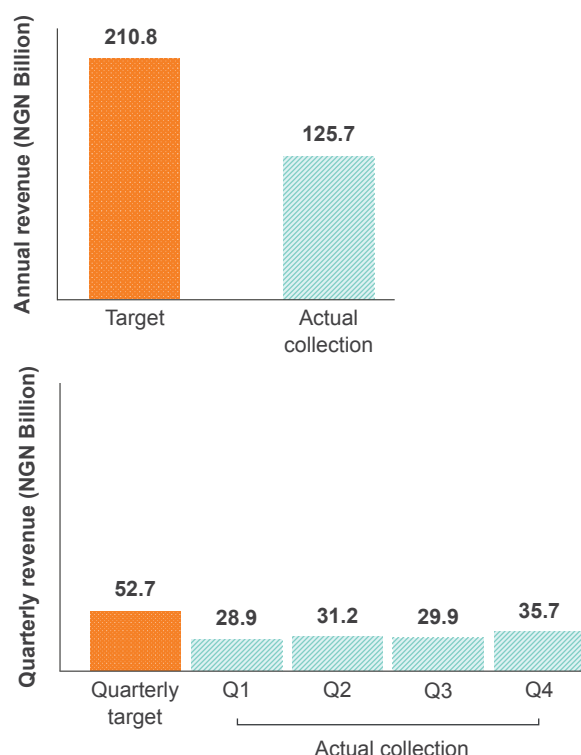
15% to the Federal Government and the Federal Capital Territory, Abuja

35% to the Local Governments

50% to the State governments



Revenues from the EMTL in 2022⁴



1. Stamp Duty Act, Sec. 89A, introduced by the Finance Act 2020, Sec. 48
 2. VAT Act, Sec. 2 (general tax base: taxable goods and services)
 3. Stamp Duty Act, Sec. 89A(4), amended by the Finance Bill 2022, Sec. 23
 4. Federal Inland Revenue Service, 2022 Statistics

Disclaimer: This factsheet collects publicly available information on digital financial services and how they are taxed from a variety of sources. Its purpose is to inform but not to assess or comment on the efficacy of digital payments or taxes. The information expressed in this factsheet is compiled from sources believed to be reliable as of 31 January 2024. This factsheet supersedes any previous versions. If you are aware of any changes or inaccuracies, please notify us at ictddigitax@ids.ac.uk.

ICTD's **DIGITAX Research Programme** aims to inform and guide governments and key stakeholders at the interface of digital financial services, digital IDs and tax. For up-to-date information on evolving tax regulations, visit ICTD's **DFS TaxMap**, a dynamic web portal in English and French tracking the diverse approaches to DFS taxation.

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