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Tax, Assurance & Compliance Bulletin:

Topic-

Stamp Duty Compliance Under the Nigeria Tax Act, 2025 What Every Business and Property Owner Must Know

The Nigeria Tax Act, 2025 (NTA) has significantly strengthened stamp duty enforcement in Nigeria. Stamp duty is no longer a routine administrative formality — it is now a critical legal requirement that determines whether agreements are enforceable in court.

Recent legal experiences show that unstamped documents are increasingly being rejected as evidence, causing businesses to lose otherwise valid claims and contractual rights.

What Is Stamp Duty?

Stamp duty is a compulsory tax imposed on certain legal documents (“chargeable instruments”). A document that is not properly stamped may be:

- Legally inadmissible in court
- Unenforceable
- Subject to penalties
- A source of avoidable disputes

Stamp duty applies beyond property transactions — it covers many business agreements

Key Changes Under the Nigeria Tax Act, 2025

1. Shorter Stamping Timeline

Documents must now be stamped within 30 days of execution (previously 40 days).

Late stamping attracts stricter consequences

2. Expanded Scope

Stamp duty clearly applies to:

- Real property transfers
- Intangible assets (IP, digital assets, goodwill)
- Mineral and natural resource rights
- Business restructuring (mergers, consolidations, demergers)
- Barter and non-cash transactions (based on fair market value)

3. Principal Instrument Rule

For group transactions:

- One document is stamped at the full rate (principal instrument)
- Related documents attract a fixed rate

Proper structuring is essential to avoid unnecessary costs.

Who Pays?

Generally, the party benefiting from the transaction pays:

- Property purchase → Buyer
- Lease → Lessee
- Share transfer → Transferee

How Is Stamp Duty Calculated?

Ad Valorem (percentage-based)

Example: Property/asset transfers – commonly 2% of consideration

Fixed Duty

Certain agreements attract a ₦1,000 fixed duty where not otherwise specified

Is Compliance Optional?

No.

Non-compliance may result in:

- Monthly penalties
- Financial sanctions
- Possible imprisonment
- Court rejection of the document

Under the NTA, courts are less inclined to validate unstamped instruments after disputes arise

Why This Matters

An unstamped document can lead to:

- Lost litigation
- Invalid security arrangements
- Investor disputes
- Regulatory exposure
- Significant financial loss

The cost of compliance is small.

The cost of non-compliance can be catastrophic

Conclusion

Stamp duty compliance under the Nigeria Tax Act, 2025 is now a legal risk management priority, not just a tax obligation. Proper stamping protects your contracts, assets, court rights, and financial interests.



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