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Tax Risks Every Gaming Operator in Nigeria Must Watch in 2026

In 2026, tax compliance in Nigeria's gaming industry is no longer a routine accounting exercise. It requires strong documentation, clear operational structures, and proactive tax governance to manage regulatory scrutiny and financial risk.



1. Misclassification of Staff, Agents, and Contractors

One of the most common tax risks arises from incorrect classification of personnel. Gaming operators frequently engage agents, affiliates, promoters, and contract staff, but tax authorities may reclassify these relationships as employment.

This can trigger PAYE liabilities, penalties, and back taxes where operators have treated payments as subject to withholding tax instead of payroll taxes.



2. Withholding Tax on Winnings and Commissions

The introduction and enforcement of 5% withholding tax on gaming winnings and commissions has created operational and compliance challenges.

Operators must ensure accurate deduction, remittance, and player communication, while also maintaining records capable of withstanding regulatory audit.

Where a player does not have a Tax Identification Number (TIN), a higher withholding tax rate may apply making TIN verification an important part of the compliance process. The basis of computation must also be accurate.



3. Related-Party Transactions and Transfer Pricing Scrutiny

Tax authorities are placing increasing focus on intra-group arrangements, including platform licensing, technology services, marketing agreements, and intellectual property charges. For gaming operators with group structures, transactions that do not meet arm's-length standards may be reclassified, leading to tax adjustments and additional liabilities.



4. Documentation and Revenue Reporting Gaps

Gaming businesses operate across multiple product verticals (sports betting, casino, virtual games, lottery) and revenue models. Weak documentation, inconsistent accounting treatment of bonuses and voids, or poor reconciliation between platform data and financial records can expose operators to tax reassessments and audit disputes.



5. Multi-State Regulatory and Tax Exposure

Operators active across Nigeria's states face fragmented regulatory and fiscal obligations, including state levies, good cause contributions, and licensing requirements. Misalignment between state obligations and federal tax compliance can result in double exposure or disputes with regulators and tax authorities.