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Nigeria delays 2020 VAT rise to 7.5%

Jan 1, 2020 Richard Asquith

Updated 1 Jan 2020: The Nigerian government has postponed rising Value Added Tax standard rate from 5% to 7.5% of 1 January 2020. The rise will need the agreement of the National Assembly. The increase will likely be put into place before Spring 2020.

The federal government only retains 15% of VAT - the balance goes to the 36 states and local government. The increase will likely be put into place on 1st January 2020.

The increase is required to help reduced the government deficit as oil prices remain subdued. Oil accounts for 90% of foreign currency earnings in the country. The country has struggled to finance debt servicing costs. Nigeria has just announced plans to implement [VAT on foreign e-commerce](#) business selling to local consumers.

The average African VAT rate is 16%.