

LEASING FOCUS

A PUBLICATION OF THE EQUIPMENT LEASING ASSOCIATION OF NIGERIA LTD/GTE, MARCH, 2026

NIGERIA'S TAX REFORMS & THE LEASING INDUSTRY



LEASE WITH EASE



Benefits

- No Collateral is required
- Less Up-front cash outlay
- Payment structured to match your business cash flow
- No large amount of documentation required
- You don't need to own an asset before you start using it.

 **No.4 Alhaja Kofoworola Crescent, off Awolowo way,
Ikeja, Lagos State.**

Contact Us 0912-438-3038 0815-100-3563

If you can use it, we can lease it...

 @missleasingng



@missleasing



<http://www.missleasing.com>

CONTENTS

From the Editor's desk

04

Nigeria ranks 48th as the global leasing industry records a decade of growth and innovation

05

Outlook for the Nigerian leasing industry in 2026 – continued growth amid macroeconomic stability

09

The implications of the Nigeria's Tax Reforms for the leasing industry in Nigeria

14

Leasing Titbits

21

Extra

25

ISSN: 1119-3387

Correspondences:

No 25B, Fola Jinadu Crescent,
Gbagada Phase 1, Lagos.

Tel: 08023176691, 08035415478

Published by:

EQUIPMENT LEASING ASSOCIATION OF NIGERIA LTD/GTE

Editor:

Olayemi Eniolawun

Email:

info@elannigeria.org
www.elannigeria.org

From the Editor's desk

We welcome you to 2026 and the first edition of *The Leasing Focus Journal* for the year.

The Nigerian leasing industry operates within a dynamic economic and regulatory environment in which fiscal policy plays a defining role in shaping business outcomes. The ongoing tax reform agenda represents one of the most significant policy shifts in the country's fiscal landscape in recent years. Driven by the need to expand the tax base, improve compliance, enhance revenue mobilisation, and support economic growth, these reforms reshape how businesses operate across sectors. For the leasing industry - an essential enabler of capital formation, productivity, and wealth creation for the Nigerian economy, these issues form a fundamental determinant of market growth.

As leasing continues to support access to productive assets, wealth creation, and contribute to capital formation across critical sectors of the economy, the importance of a clear, consistent, and supportive tax framework cannot be over emphasised.

This edition of *Leasing Focus Journal* examines **Nigeria's Tax Reforms and the Leasing Industry**, highlighting relevant tax provisions and their implications for leasing activities in

Nigeria. It provides an impact-driven analysis of how tax rules influence asset ownership, lease structuring, pricing, cash flows, and investment decisions across the leasing value chain.

Particular attention is given to recurring industry concerns, including the tax classification of leases, capital allowance claims, withholding tax treatment, and the persistent challenge of multiple taxation. Other areas, including the company income tax, capital gains tax, development levy, etc., were equally covered in our lead story, all aimed to effectively guide industry practitioners and other stakeholders as they continue to contribute to sustainable economic development and growth of Nigeria.

Beyond our central theme, this edition brings together a diverse range of expert contributions and valuable resources, designed to provide meaningful insight and lasting value.

We hope you find this edition very rewarding

Thank you.



Yemi Eniolawun

NIGERIA RANKS 48TH AS THE GLOBAL LEASING INDUSTRY RECORDS A DECADE OF GROWTH AND INNOVATION

With an outstanding lease volume of ₦5.16 trillion in 2024 from ₦4.19 trillion in 2023 - a 23.2% increase, and cumulative contribution of over ₦24.6 trillion to the Nigerian economy over the past decade, the Nigerian leasing industry was ranked 48th in the global leasing industry, among the top 50 markets, according to the World Leasing Yearbook 2026.

The global equipment leasing industry posted new business levels of US\$1,538bn in 2024 and has grown by approximately 63% over the past decade, demonstrating the industry's structural resilience. North America, Europe, and Asia-Pacific together accounted for 96% of all new leasing activity, confirming the dominance of mature markets while emerging regions steadily expand.

As usual, three regions, North America, Europe and Asia, took 96% of world leasing volume. North America experienced a 2.8% increase in new business, Europe was down 3.9%, and business in Asia was down 1.9%, making it the third-largest region. Elsewhere, South America was down 7% due to turbulence in some domestic markets. Africa was up 32%, and Australia/New Zealand was down 10%.

The North American region consists of the US, Canada, and Mexico. The region maintains its position as the world's biggest leasing market, with new business volume of US\$564bn, representing 37% of the total global market share in equipment leased. The US is the dominant player in the region and the largest single leasing global market. New US business volume for the equipment finance industry increased by 3.1% in 2024 according to the ELFA Annual Survey of Equipment Finance (SEFA). New business in Canada marginally declined by 0.1% in 2024. According to data supplied by the Alta Group, Mexico experienced an increase in new business in local currency of 22% in 2024.



Europe reported a decrease in new business of 3.9% in 2024 when expressed in US dollars, bringing total new business to US\$474bn and it is the second largest region in the world. Europe accounts for 31% of total world volume. Most of the national European leasing markets enjoyed growth as can be seen in Table 2. The leading five European countries (UK, Germany, France, Italy, and Poland) feature in the world's top 10 countries for new business, contributing 66% of the total European volume. The United Kingdom and Germany are positioned as the third and fourth-largest leasing markets in the world and remain the dominant players in Europe. They accounted for 39% of the European market and 12% of the world market in 2024.

The Asian leasing market decreased by 1.9% in 2024, and new business volume was US\$448bn. Asia occupies a 29% share of the world market. China is the 2nd largest leasing market in the world by a considerable margin. New business stood at US\$344bn in 2024 with growth of 1.6% over 2023. Japan, which is the 5th largest leasing market in the world, experienced an increase in lease transaction volume in 2024 of 13% with new business volume of US\$66bn. It remains the second-largest market in Asia after China. The Taiwanese market is the third largest in the Asian region and new business declined

4% in 2024 with new business volume of US\$22bn ranking it 12th in the top 50.

Rest of the world - Australia ranked 10th place in the Top 50, with new business volume of US\$25bn in 2024. We have not been able to obtain reliable data for New Zealand. Australia /New Zealand represents approximately a 2% share of global leasing volume.

Africa accounts for 0.4% of the world market in leasing with four African countries achieving a placing within the GLR top 50: Egypt, Morocco, South Africa and Nigeria. The region accounted for US\$7bn of new business in 2024. While Africa remains a small contributor, Africa's 31.8%, represents the highest growth rate in the ranking, indicating rising adoption in emerging markets.

Table 1: Volume and growth by region (2023-2024)

Rank by Volume	Region	Annual Volume (US\$bn)	Growth 2023-24 %	Percentage of world market Volume 2023	Percentage of world market Volume 2024	Change in market share 2023-24
1	N.America	564.22	2.8	35.32	36.67	1.3
2	Europe	474.14	-3.9	31.75	30.81	-0.9
3	Asia	448.47	-1.9	29.41	29.14	-0.3
4	Aus/NZ	24.96	-10.2	1.79	1.62	-0.2
5	S.America	20.28	-7.4	1.41	1.32	-0.1
6	Africa	6.75	31.8	0.33	0.44	0.1
	Total	1,538.82				

Source: World Leasing Yearbook 2026

Table 2: Global Leasing Report 2025

Ranking	Continent code	Country	Annual volume (US\$bn)	% Growth 2023~24	% Market Penetration	Source
1	NA	United States	524.06	3.10	21.0	(8)
2	A	China	344.41	1.56	12.2	(9)
3	E	United Kingdom	97.61	2.60	43.0	(2)
4	E	Germany	88.84	-3.00	28.0	(2)
5	A	Japan	65.94	12.80	4.3	(1)
6	E	France	64.15	2.50	36.0	(2)
7	E	Italy	36.38	-3.90	19.0	(2)
8	NA	Canada	30.11	-0.10	34.6	(1)
9	E	Poland	26.56	16.40	44.0	(2)
10	ANT	Australia	24.96	1.45	n/a	(1)
11	E	Sweden	23.55	5.40	43.0	(2)
12	A	Taiwan	22.10	-4.00	11.0	(1)
13	E	Switzerland	17.01	1.20	10.0	(2)
14	E	Russia	16.00	n/a	n/a	(8)
15	E	Denmark	13.15	6.80	43.0	(2)
16	E	Spain	12.86	7.00	12.0	(2)
17	A	S.Korea	10.82	-4.36	8.0	(1)
18	E	Belgium	10.51	5.80	31.0	(2)
19	NA	Mexico	10.05	21.67	2.0	(4)
20	E	Austria	9.92	4.90	18.0	(2)
21	E	Netherlands	8.70	10.20	36.0	(2)
22	E	Norway	7.97	2.20	24.0	(2)
23	E	Czech Republic	6.33	-2.60	18.0	(2)
24	E	Turkey	5.13	3300	n/a	(2)
25	A	India	4.83	20.00	0.5	(9)
26	E	Finland	4.75	n/a	n/a	(9)
27	E	Portugal	4.56	18.10	20.0	(2)
28	SA	Puerto Rico	3.88	28.90	12.7	(4)
29	SA	Chile	3.79	5.71	5.3	(4)
30	E	Slovakia	3.57	-2.30	24.0	(2)
31	SA	Colombia	3.51	97.00	2.4	(4)
32	SA	Costa Rica	3.38	1670.00	1.1	(4)
33	E	Hungary	2.98	3.00	12.0	(2)
34	E	Lithuania	2.73	-0.42	32.0	(1)

35	AF	Egypt	2.34	1.12	n/a	(1)
36	SA	Brazil	2.27	n/a	2.1	(4)
37	E	Slovenia	2.13	1.70	14.0	(2)
38	E	Croatia	2.08	13.70	23.0	(2)
39	SA	Bolivia	2.02	n/a	0.8	(4)
40	E	Bulgaria	2.00	7.50	21.0	(2)
41	AF	South Africa	1.95	0.00	n/a	(8)
42	AF	Morocco	1.83	0.00	n/a	(2)
43	E	Serbia	1.55	26.93	n/a	(1)
44	E	Estonia	1.53	6.20	31.0	(2)
45	SA	Peru	1.03	46.00	2.5	(4)
46	E	Latvia	0.89	10.10	27.0	(2)
47	E	Greece	0.70	6.60	4.0	(2)
48	AF	Nigeria	0.63	4.02	n/a	(1)
49	SA	Argentina	0.40	n/a	1.6	(4)
50	A	Uzbekistan	0.37	18.06	1.3	(1)
		Total	1,538.82			

Market penetration rates quoted by Leaseurope appear as those reported and defined in Leaseurope's 2024 Annual survey. Country growth figures display the figure reported by each country, i.e. it is unaffected by the vagaries of currency fluctuations. It is intended to display true growth as experienced on the ground.

Key to Sources: (1) National Leasing Association (4) Alta Group (7) Central Bank Data
 (2) Leaseurope (5) Other Trade Associations (8) Author's Estimate
 (3) Asian Leasing Association (6) Government Statistics (9) Others' Data

Source: World Leasing Yearbook 2026

Outlook for the Nigerian Leasing Industry in 2026 – Continued Growth Amid Macroeconomic Stability

The Nigerian leasing industry enters 2026 with renewed optimism, building on the resilience and steady growth it has recorded over the past few years.

Despite operating in a challenging macro-economic environment marked by inflationary pressures, exchange rate volatility, and high interest rates, the industry has continued to demonstrate its relevance as a strategic financing tool for businesses and government entities seeking access to productive assets without heavy upfront capital outlays.

As macroeconomic conditions gradually stabilise and structural reforms deepen, 2026 is expected to consolidate leasing's role as a key driver of capital formation, productivity, and inclusive economic growth in Nigeria.

Nigeria's macroeconomic outlook for 2026 is broadly supportive of leasing activity. Economic growth is projected to strengthen, driven by improved domestic demand, easing inflationary trends, greater exchange rate stability, and increased investment flows. These developments are expected to improve business confidence and reduce uncertainty around long-term planning.

For many businesses, particularly in capital-intensive sectors, leasing remains a preferred financing option in periods of tight credit conditions. Even as interest rates remain relatively elevated, leasing offers flexibility, preserves cash flow, and allows enterprises to match asset usage with revenue generation. This makes leasing especially attractive in an environment where outright asset acquisition remains prohibitively expensive for many firms.

Sustained industry's growth trajectory. The Nigerian leasing industry has sustained a strong growth trajectory in recent years, with out-



standing lease volumes crossing the ₦5trillion mark and maintaining double-digit growth rates. This momentum is expected to continue into 2026, albeit at a more measured pace, reflecting a transition from rapid post-pandemic recovery to more sustainable, structurally driven expansion.

The industry's growth is underpinned by rising demand for asset financing across both public and private sectors, as well as increased awareness of leasing as an alternative to traditional bank lending. In 2026, leasing is expected to deepen its penetration across the economy, moving beyond its traditional strongholds into new sectors and market segments.

Several sectors are expected to remain the backbone of leasing demand in 2026. Transportation and logistics continue to account for a significant share of lease volumes, driven by the expansion of e-commerce, urban mobility services, and supply chain reconfiguration. Fleet leasing, haulage equipment, and logistics infrastructure are expected to see sustained demand.

The oil and gas sector will also remain a major contributor, particularly in areas such as upstream services, equipment leasing, marine assets, and support services. Similarly, manufacturing and infrastructure development are expected to drive demand for heavy machinery, industrial equipment, and power

solutions, especially as government and private sector investment in infrastructure gains momentum.

Beyond these traditional sectors, 2026 is likely to see growing leasing activity in agriculture, healthcare, telecommunications, education, and renewable energy. These emerging segments present opportunities for diversification and long-term growth, particularly where tailored leasing products are developed to meet sector-specific needs.

The regulatory framework governing leasing in Nigeria will continue to develop. The implementation of the Equipment Leasing Act and the full commencement of operations of the Equipment Leasing Registration Authority (ELRA) are expected to strengthen transparency, asset ownership protection, and contract enforceability. Increased adoption of digital lease registration and improved stakeholder collaboration are imperative to enhance confidence among lessors, lessees, and financiers in 2026. Essentially, the collaboration of industry stakeholders, including the Government, through ELRA is key to clearer and more supportive policies to improve competitiveness and stimulate broader adoption of leasing.

Opportunities and Strategic Shifts. One of the most significant opportunities in 2026 lies in the expansion of leasing to small and medium-sized enterprises. SMEs account for a large share of

Nigeria's economic activity but remain underserved by traditional financing channels. With appropriate risk management frameworks, credit enhancements, and awareness campaigns, leasing could unlock significant value in this segment.

Digital transformation is another major theme shaping the industry's outlook. The use of technology in credit assessment, asset tracking, contract management, and customer engagement is expected to improve operational efficiency and risk control. Asset-as-a-service models and operating leases are also gaining traction as businesses increasingly prioritise flexibility and usage-based financing.

Access to long-term and affordable funding remains critical. In 2026, lessors are expected to explore alternative funding sources, including development finance institutions and structured finance solutions, aside from traditional bank sources, to support, especially, larger transactions and longer-term leases. ELAN has been advocating for a sustainable funding mechanism for the industry, working with both local and foreign financiers. These engagements have facilitated various funding options for members as the Association continues to seek more flexible options.

Notwithstanding the positive outlook, the industry faces notable risks. Exchange rate volatility continues to affect the cost of imported equipment, which constitutes a significant portion of leased assets. High funding costs and limited access to long-term capital remain daunting. In addition, issues around contract enforcement, default, and repossession still pose operational risks, especially in finance leases and involving mainly the lower-end market. Addressing these challenges will require continued collaboration among stakeholders, especially regulators, lessors, and the judiciary.



Nigerian Leasing Industry Outlook 2026

- **Optimistic Industry Outlook:** Leasing remains a key capital-efficient financing tool; volumes exceed ₦5 trillion with continued measured growth.
- **Supportive Macroeconomics:** Stabilising growth, easing inflation, FX stability, and rising investment underpin stronger demand.
- **Sectoral Demand:** Core sectors -transportation, logistics, oil & gas, manufacturing, infrastructure; emerging opportunities in agriculture, healthcare, ICT, education, and renewable energy.
- **SME Potential:** Leasing bridges financing gaps, unlocking significant SME growth.
- **Policy & Digital Enablement:** Equipment Leasing Act and ELRA improve transparency; digital adoption boosts efficiency and portfolio management.
- **Funding & Risks:** Access to long-term capital remains limited; key risks include exchange rate volatility, high funding costs, and contract enforcement challenges.

Strategic Imperatives for enhancing growth and sustainability in the Nigerian Leasing Industry

As the Nigerian leasing industry positions itself for sustained growth in 2026 and beyond, operators must move decisively from cyclical recovery to structural resilience. **The evolving macroeconomic environment, characterised by gradual macro-stability, regulatory reforms, infrastructure deficits, and accelerating sustainability expectations, demands proactive, well coordinated strategies.** The following strategic imperatives integrate resilience, innovation, and long-term sustainability into the industry's growth trajectory.

Strategic market expansion and portfolio diversification

Leasing companies must reduce concentration risk by expanding into resilient sectors such as healthcare, agriculture, ICT, renewable energy, and public services. Diversifying client segments and balancing short- and long-term assets will improve portfolio stability, liquidity management, and income predictability. Scaling green leasing products will further unlock Environmental, Social and Governance (ESG)-linked and concessional funding opportunities. Some Development Partners are already engaging the leasing industry on concessional funding.

Data-driven risk management and governance strengthening

Sustainable growth requires predictive, data-driven risk management frameworks. Enhanced credit analytics, asset monitoring, and early-warning systems, supported by strong governance, independent internal controls, and board oversight, are essential to maintaining asset quality and investor confidence.

Flexible and diversified funding strategies

Long-term competitiveness depends on diversified funding sources. Moving beyond short-term bank funding to include capital markets, private equity,



structured finance, and development finance will reduce refinancing risk and support longer-tenor and large-ticket leasing transactions.

Technology deployment and digital transformation

Digital transformation across the leasing value chain will improve efficiency, transparency, and scalability. Automation, asset tracking, and real-time analytics enhance portfolio visibility, customer experience, and competitiveness against fintech-enabled financing models.

Strategic alliances and ecosystem collaboration

Partnerships with OEMs, vendors, banks, fintechs, insurers, and industry peers will strengthen asset quality, improve residual value assurance, expand distribution, and enable risk sharing, particularly for syndicated and infrastructure-related leases.

Human capital development and leadership continuity

Continuous investment in skills, leadership development, and succession planning is critical for operational stability and business continuity. Strong human capital and leadership pipelines will position leasing institutions to navigate disruptions and sustain long-term growth.

Collectively, these strategic imperatives position the Nigerian leasing industry to transition from short-term recovery to long-term sustainability. By aligning growth strategies with resilience, innovation, and sustainability principles, the industry can strengthen its role as a critical enabler of capital formation, infrastructure development, and real sector productivity in Nigeria's evolving economy.

Strategic priorities for 2026

- **Diversification:** Expand into resilient sectors; balance asset tenors and client mix; scale green leasing.
- **Risk & Governance:** Deploy data-driven risk models and strengthen internal controls.
- **Funding:** Diversify beyond banks into capital markets, DFIs, and structured finance.
- **Technology:** Automate processes and enhance real-time portfolio analytics.
- **Partnerships:** Collaborate with OEMs, banks, fintechs, insurers, and peers.
- **People:** Invest in skills, leadership pipelines, and business continuity



Conclusion

The Nigerian leasing industry stands at a pivotal juncture in 2026, poised to consolidate its role as a key enabler of capital formation, infrastructure development, and real-sector productivity. Supported by improving macroeconomic stability, regulatory reforms, and rising investor confidence, the industry has the opportunity to sustain its growth trajectory while broadening its reach across both traditional and emerging sectors, including SMEs, healthcare, agriculture, ICT, and renewable energy.



To fully capitalise on these opportunities, lessors must adopt a strategic, forward-looking approach: diversifying portfolios, strengthening risk management and governance, expanding funding sources, embracing digital transformation, fostering partnerships, and investing in human capital. By embedding resilience, innovation, and sustainability into their operations, leasing companies can navigate persistent challenges. The Equipment Leasing Association of Nigeria (ELAN) will continue to play a proactive role in guiding the industry's growth, promoting innovative financing solutions, advocating for supportive policies, and enhancing capacity building.

Ultimately, 2026 presents an opportunity for the Nigerian leasing industry to transition from short-term recovery to long-term structural sustainability, reinforcing its critical role in driving economic growth and enabling productive asset financing across the country.

THE IMPLICATIONS OF NIGERIA'S TAX REFORMS FOR THE LEASING INDUSTRY IN NIGERIA



Olaleke Oyeniran, FCA

Chief Operating Officer, Coscharis Mobility Limited

INTRODUCTION

It is no longer news that the Nigeria Tax Act 2025 became operational on January 1, 2026. The new tax law has generated a lot of controversy and fears across various sectors of the economy among corporate entities and also individuals, who have been deeply worried about the impact of the new tax law. Many experts have also attempted to allay the fears of many corporate bodies and individuals by explaining the key provisions of the new tax laws and the likely impact, highlighting both their merits and demerits. The Relevant Tax Authorities have also made attempts to educate taxpayers about the operations of the new tax laws through some structured training programmes.

The Equipment Leasing Association of Nigeria (ELAN) has also deemed it necessary to educate its members on the impact and implication of the new tax law on leasing companies in Nigeria and that underscores the importance of this article. The Nigeria Tax Act 2025 has nine chapters covering key areas - Objectives and Application, Taxation of Income of Persons, Taxation of Income from Petroleum Operations, Relief for Double Taxation, Taxation of Dutiable Instruments, Value Added Tax, Surcharge, Tax Incentives and General Provisions.

OBJECTIVE AND APPLICATION OF THE ACT

The core objective of the Nigeria Tax Act 2025 is stated in Section 1 of the Act as “to provide a unified fiscal legislation governing taxation in Nigeria”, while Section 2 states that “This Act

applies throughout Nigeria to any person required to comply with any provision of the tax laws whether personally or on behalf of another person”.

IMPLICATION FOR LEASING COMPANIES IN NIGERIA

While there are provisions of the Nigeria Tax Act 2025 that have an impact generally on all business sectors operating in the Nigerian economy, the impact varies from sector to sector. There are specific provisions that impact the petroleum industry, banking, insurance, agricultural businesses, real estate companies, etc. In the same vein, some provisions impact the leasing industry specifically and collectively, and we shall examine some of these provisions and their likely implication on leasing companies in Nigeria.

Company Income Tax

Section 56 of the Nigeria Tax Act states that “Tax shall be levied, for each year of assessment, on the total profits of every company, in the case of:

- (a) A small company at 0%;
- (b) Any other company, at 30% from the commencement of this Act.”

The Act further describes a small company as a company with an annual turnover not more than one hundred million Naira (N100m) and fixed assets not more than two hundred and fifty million Naira (N250m).

This segregation between small companies and other companies will create a gap in the pricing structures of leasing companies, as the ones categorised as small companies can price their leases lower, giving them a competitive advantage in pricing since they are not paying tax. Since withholding tax is an advance payment of tax, small companies are equally exempted from withholding taxes on their lease invoices, giving them a cashflow advantage over the others that will have 10% withholding tax deducted on operating lease invoices and 10% withholding tax deducted on management fees on finance lease invoices.

Minimum Effective Tax Rate (MET)

Section 57 of the Nigeria Tax Act 2025 imposes a minimum tax of 15% of the net income of large Multinational Enterprise (MNE) Groups with an annual turnover of Seven hundred and fifty million dollars (\$750,000,000) or its equivalent, and other companies with aggregate turnover of Fifty billion Naira (N50,000,000,000). The implication of this is that where a leasing company earns annual turnover of N50b and above, its tax computation will be subject to a minimum of 15% of its Net Income, and that will impact both the leasing company's Profit After Tax (PAT), dividends and distribution of profits and also their cash flow. The small companies are exempted from the Minimum Effective Tax, giving them a cashflow advantage and Profit After Tax advantage relative to the large leasing companies.

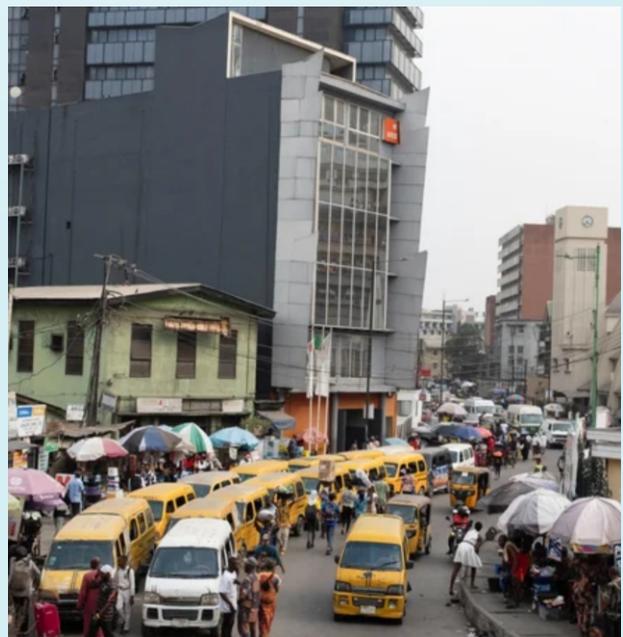
Capital Gains Tax

Before the enactment of the Nigeria Tax Act 2025, Chargeable gains were taxed at the rate of 10%. Chargeable gain refers to the positive difference between the sales proceeds of an asset and its acquisition costs, less allowable deductions and reliefs. The Nigeria Tax Act 2025 has now unified this to be taxed along with the

Company Income Tax at the rate of 30%. The implication of this to leasing companies, especially the ones that have chargeable gains, is that this portion of their income has been subjected to tax at 20% higher than it used to be and this will impact both the cashflows and profitability of such leasing companies.

Development Levy

Before the enactment of the Nigeria Tax Act 2025, leasing companies paid Education Tax at the rate of 3% of Assessable Profit. Section 59(1) of the Nigeria Tax Act 2025 now imposes a 4% Development Levy on the Assessable Profit of companies. This replaces the Tertiary Education Tax, NITDA levy, Police Trust Fund levy and all other related taxes in line with the objective of tax unification that the Act seeks to address. This will impact the cash flows of leasing companies by 1% of the Assessable Profits and also reduce the Profit After Tax by 1% of the Assessable Profits and by extension, dividends payable to shareholders of leasing companies in Nigeria.



Again, the small companies are exempted from this Development Levy, still giving them the competitive advantage on cashflow, profitability and pricing.

the names of instrument, types, new rates, persons liable to pay the duties and exemptions. A few of these instruments that are relevant to the leasing industry are highlighted below.

Dutiable Instruments

The ninth schedule of the Nigeria Tax Act 2025 highlights 48 Dutiable Instruments stating clearly

S/N	Name of Instrument	Type	New Rate	Persons Liable to pay Duty	Exemptions
7	Bonds	Ad Valorem	0.375%	Party taking security	
8	Capital Duty on Nominal Shares	Ad Valorem	0.75%	Company	
9	Capital Duty on Loan Capital	Ad Valorem	0.125%	Borrower	<ul style="list-style-type: none"> - Overdraft at the bank - Loan issued for a period not more than 12 months - Loan obtained for onward disbursement to any other person in an on-lending arrangement
29	Policy of Insurance (Of any other kind)	Ad Valorem	0.075%	Policy Holder	
35	Agreements or contracts (all types)	Fixed Duty	N 1,000	Beneficiary of Service	<ul style="list-style-type: none"> -Relates to a subject the value of which is less than N1,000 -Is for the hire of any labourer, employee, artificer, manufacturer or menial servant -Is made for or relating to the sale of any goods, wares or merchandise including a hire purchase agreement

Of the forty-eight (48) dutiable instruments in the ninth schedule, the ones highlighted above might have some impact on leasing companies, though the overall impact may be considered immaterial or insignificant. Other key provisions on stamp duties are contained in Sections 123-126 of the Act. The provisions below are worthy of note:

Section 125 (1) “Every instrument executed in Nigeria, chargeable with a duty as prescribed under Chapter Five of this Act, shall be stamped not later than thirty (30) days after its execution by the person required to pay the appropriate duty”.

Section 126 (1) “Any unstamped dutiable instrument shall not be admissible in evidence in any court, judicial or arbitration proceedings, and in satisfying any evidentiary requirements unless otherwise stated by this Act”.

Value Added Tax

Section 147 of the Nigeria Tax Act 2025 provides that VAT shall be charged on all values of taxable supplies at 7.5%. This is the same rate applicable before the enactment of the Act. However, there are changes in the application and treatment of VAT that will impact the leasing industry positively.



Section 155 (4) states that “Input tax incurred by a registered person on any taxable supply, including services and fixed assets made to such person, may be deducted from the tax payable by the person on its taxable supplies at the end of the tax period in which the supply occurred, but only to the extent that the input tax was incurred for the purpose of consumption, use or supply in the course of making taxable supplies”.

Section 155 (4) is perhaps the major advantage that the large companies, including large leasing companies, have in the new tax law, as it gives a major cashflow advantage in the aspect of extended input VAT claims. Before this time, companies could not claim input VAT on services and fixed assets, but now the claims can be made, subject to the limits highlighted in **Section 155(4)** above. **Section 155 (1) (b) and (2)** provide that where input tax exceeds output tax, the excess can be carried forward by the taxable person to subsequent months or a request for refund from the Service can be made upon provision of required information. **Section 155 (4) (b)** states that such input taxes can be carried forward for a maximum of five (5) years. Again, small leasing companies are exempted from VAT registration, VAT filing and VAT charging.

Other key provisions of the Act on Value Added Tax include the following:

Section 150(2) states that “where a non-resident person is making taxable supplies from outside Nigeria to persons in Nigeria, the taxable person to whom the supply is made in Nigeria shall withhold the VAT due on the supply and remit it to the Service”. Leasing Companies need to take note of this and ensure that VAT on invoices from foreign suppliers are withheld and remitted to the Service to avoid unnecessary tax liabilities.

Section 155(5) states that “the input tax which may be deducted in line with subsection 4 of this section shall be limited to taxable supplies made from the commencement of this Act”. The implication of this is that input taxes from 2025 or earlier years cannot be claimed under the new tax law in 2026.

Section 152 (1) mandates taxable persons to maintain sequential invoice numbering, and **Section 152 (4)** states that the Service may direct any taxable person who makes taxable supplies to adopt the use of an electronic invoice, provided that it gives a notice of at least 30 days to the person. The implication of this is that leasing companies must now embrace digitalisation of systems and must be ready to implement the fiscalisation scheme under the new tax law.

Section 21 (p) states that “any expense on which Value Added Tax is due under the Act but was not charged, or in the case of imported items, any expense on which the applicable import duty or levy was not paid” shall not be allowed as a deduction in arriving at the taxable profits of the company. This is an extreme one, and leasing companies really need to watch this, especially for operating lease transactions. Transactions such as vehicle maintenance, tyre, battery purchases and rent on which VAT is not charged will not be allowed in the tax computation. It is therefore safer for large leasing companies to transact business on such transactions with companies that are not tax exempt but tax compliant to avoid arguments with the Service on whether or not the suppliers of such commodities are small companies.

Surcharge

Section 158 of the Act states “A surcharge is imposed at 5% on chargeable fossil fuel products provided or produced in Nigeria and

shall be collected at a time a chargeable transaction occurs”.

Section 159(1) states that “for the purpose of imposing surcharge on fossil fuel products, the chargeable transaction shall be the supply, sale or payment, whichever occurs first.

Section 159 (2) states that “Surcharge shall be computed based on the retail price of all chargeable fossil fuel products”.

Section 160(1) states that the fossil fuel products surcharge shall not apply to (a) clean or renewable energy products, (b) household kerosene, (c) cooking gas and (d) compressed natural gas (CNG). The essence of this surcharge is to discourage carbon emissions and encourage the acquisition of green economy assets.

Section 160 (1) states that the Minister will determine the effective date of commencement of the administration of this surcharge, and when this happens, it will impact operating lease costs as fuel costs will increase. Leasing companies must be prepared to transfer this cost to the lessees and also align with the future green economy by investing in electric and CNG assets.



Thin Capitalisation

Though this is not entirely new, it needs to be re-emphasised for leasing companies to take the necessary precautions. The Act states that interest paid to a connected or related person will be treated as a disallowable deduction. It further states that excess interest, i.e., interest in excess of 30% of the company's Earnings Before Interest and Depreciation (EBITDA), shall be disallowed for tax purposes and carried forward for a maximum of five years. The implication of this for leasing companies is that the capital structure, i.e., the combination of equity and debt finance, should be carefully planned in such a way that it will not fall short of the thin capitalisation provisions. Leasing companies should also carefully consider the impact of related party borrowings in the administration of their taxes.

Turnover Vs Revenue

For the small leasing companies, there is a risk of misunderstanding and misapplication of the terms "Turnover" and "Revenue". The Service might interpret Turnover based on inflows from customers in the bank statement, whereas the Revenue reported by such companies, especially for the Finance Lease business, might just be the Interest income and management /admin fees. The Nigeria Tax Act 2025 used the term "Turnover" in its definition of N 100,000,000 annual figure that determines if a company is indeed a small company. The small leasing companies are therefore encouraged to keep proper records and schedules with supporting documents that can be used to justify what clearly constitutes their reported revenue in the financial statement.

Transition from Small Company to Medium/Large Company within a Tax Year

Where a small company enjoys certain provisions like exemption from withholding tax deduction, other companies transacting business with them stand the risk of certain sudden liabilities if, within a tax year, such companies' turnover grows above the prescribed N100,000,000. What form of communication or information will make the companies transacting business with them know that they are no longer small companies? Will the Revenue Service pardon the companies for not having prior knowledge of the change in status? This and many others are some of the likely risks and issues to be addressed by the Nigeria Revenue Service in the administration of the Act.

CONCLUSION

The sections of the Nigeria Tax Act 2025 highlighted above, with the brief explanations provided, largely represent the likely impact the tax reforms will have on leasing companies in Nigeria. However, administration of new tax laws often comes with so many unforeseen issues, which often necessitate the issuance of circulars by the Revenue Service to address such grey areas. The importance of consultations from tax experts and consultants in this regard can also not be overemphasised. Leasing companies are enjoined to take note of all these points while still keeping abreast of the times for likely information and possible changes that might occur in the foreseeable future.



MICRO/SME FINANCING

Plot 1707A, Olugbosi Close, off Bishop
Oluwole Street, Victoria Island, Lagos,
P. O. Box 74798 Victoria Island
Tel: +234 - 906 997 9855
info@sovereigninvestments.ng
www.sovereigninvestments.ng

KNOW YOUR RIGHTS AS A LESSOR

- **Ownership Rights**

Under a lease agreement, the lessor is the legal owner of the leased equipment, and the lessor retains full title throughout the lease, Section 44 of Equipment Leasing Act 2015 (ELA). The lessor retains legal ownership of the leased equipment at all times, regardless of the lessee's possession or use. This ownership right is protected by the Act and common law, and it prevails over claims by third parties, including creditors of the lessee. This is the purport of Section 20, which imposes an obligation on the lessee not to act in any way that will negatively affect the legal ownership of the lessor and Section 21 of ELA, which provides that:

“The title or interest of the lessor or his assigns in a leased equipment under a lease agreement shall prevail at all times against claims by a third party, including a creditor of the lessee, except as against a purchaser in good faith for value of the equipment under a non-registered lease”

ELA, under section 13, mandates registration of lease agreements with the Equipment Leasing Regulatory Authority (ELRA) to reinforce this protection, and there is an implied legal ownership under section 19(1). It provides that on registration of the lease agreement, the lessor is the legal owner of the leased equipment. However, section 19 only stresses the ownership right of the lessor and does not necessarily give title to the lessor, since the lessor already has title in the first place to be allowed to register the asset as its own.

The ownership right is critical in equipment leasing, representing a major distinguishing factor between leasing and other similar commercial transactions. Thus, the lessor must ensure that this right is protected fully by avoiding contradictory provisions in



the lease agreement and practice, such as a purchase option or equity contributions.

- **Right to receive lease payments**

The lessor, being the owner or financier of the leased equipment, has the statutory right to receive lease payments (rentals) from the lessee according to the terms stipulated in the lease agreement. This right is both contractual and legally enforceable, and it forms one of the most fundamental rights of the lessor in a lease transaction.

Section 4 of ELA mandates that every lease agreement shall clearly define the obligations of the lessee, which include the payment of rentals as agreed. Once the lessee takes possession of the equipment, the lessor becomes entitled to receive rentals for the use of the asset.

The lessee must continue to make lease payments throughout the lease term, regardless of any dispute or defect in performance, unless otherwise provided in the lease agreement. This implies that the lessee cannot unilaterally withhold payment, and if the lessee defaults, the lessor may exercise remedies under the Act, such as recovering unpaid lease rentals (section 39(4), terminating the lease,

repossessing the equipment, and claiming damages or interest on arrears.

The right to receive lease payments ensures that the lessors are compensated for the use of their asset, providing a secure income stream over the lease period. This is crucial, especially in finance leases, since the full cost of the equipment and profit margin is recovered through lease rentals. In an operating lease, while the lessor does not rely on mainly on the lease rentals for his profitability, the lessee must still pay as stipulated in the lease agreement (12, section 44 and section 4 of ELA).

- **Right to repossess the leased equipment**

This right arises primarily when the lessee defaults in fulfilling the obligations stipulated in the lease agreement. If the lessee defaults in payment, misuses the equipment, or breaches any material term of the agreement, the lessor may repossess the asset through legal means. For instance, if the lessor is entitled to repossession due to non-payment of rentals and the lessee fails to surrender the leased equipment after service of due notice, the lessor may apply by ex parte motion to the Federal High Court for repossession of the leased equipment (Section 39, ELA). Repossession must, however, be exercised in accordance with the lease agreement, due process, and the rule of law. It is a remedy for breach, not a tool for arbitrary enforcement.



- **Right to inspect the leased equipment (section 26, ELA)**

According to section 26 of ELA, “a lessor or his accredited representative, after giving reasonable notice to the lessee, may inspect the leased equipment to verify the state and use of the leased equipment”

This provision grants the lessor a statutory right to enter and inspect the leased equipment, but with clear limitations and procedures. The lessor, for instance, must give “reasonable notice” to the lessee before carrying out the inspection. This ensures the lessee is not taken by surprise and protects the lessee's possessory rights under the lease.

The inspection is limited in scope to verifying the state (condition) of the equipment and checking the proper use of the equipment. This means the inspection must be relevant to the condition and usage of the leased item and may be carried out by the lessor personally, or an “accredited representative”, such as a technician, agent, or auditor authorised in writing.

While Section 26 does not expressly deal with repossession, it plays an important supportive role, if the inspection reveals, for instance, misuse, neglect, or damage, or violation of lease terms (e.g., unauthorised modifications or subleasing). These may constitute grounds for default, which can trigger the right of repossession. So, inspection is a preventive and investigative tool for the lessor to determine whether repossession or enforcement action is justified.

The Act ensures that the lessee's privacy and possession are protected, no forced entry, and inspection must be peaceful and reasonable. Any breach may expose the lessor to claims of trespass or breach of lease.

Most well-drafted lease agreements include a clause that mirrors or expands on Section 26. This provision supports asset management and ensures leased assets are not abused or deteriorated during the lease term.

- **Right to enforce agreement**

The right to enforce the agreement is a fundamental legal protection granted to the lessor under an equipment leasing arrangement. This right ensures that the lessor can take appropriate legal action if the lessee breaches the lease agreement, particularly in matters such as non-payment of lease rentals, misuse of the equipment, or failure to return the equipment at the end of the lease period. Other significant examples include unauthorised transfer or use of the leased equipment.

The legal actions that the lessor can take include specific performance, which is asking the court to compel the lessee to fulfil their obligations (e.g., continue paying rent), and damages, including seeking financial compensation for losses caused by the breach, termination and repossession of the leased equipment.

The right to enforce the lease agreement is essential for maintaining balance and fairness in an equipment lease. It ensures that lessors can recover their assets or money in case of lessee default, thereby safeguarding the integrity of leasing contracts under Nigerian law.

- **Protection against liability arising from defects in or fitness of the leased asset. (S,31).**

Under section 31 of ELA, the law protects the lessor against liability arising from defects in, or fitness of, the leased equipment, but with important qualifications. The protection arises so long as the lessor does not give representation to the lessee to

that effect as to the selection of the supplier or manufacturer of the leased asset and on which the lessee relies upon and suffer loss. This means that if leased equipment turns out to be faulty, or not suitable for the use the lessee intended, the lessor cannot automatically be held responsible, especially if the equipment was supplied as-is or sourced from a third-party supplier chosen by the lessee.

However, if the lessor made any express promise or warranty (e.g., “this machine is brand new and fit for industrial use”), and the equipment fails to meet that standard, the lessor may then be liable. Also, if the equipment was acquired by the lessor based on the lessee's specifications or from a supplier nominated by the lessee, then the lessor has even stronger protection from liability, since the lessee had control over the choice and description of the asset.

- **Protection against damage to the leased asset arising from the act of the lessee, or his agent or any third party to the leased equipment (S, 24).**

Section 24 of ELA provides critical protection to the lessor by placing responsibility on the lessee for damage to the leased equipment caused by the lessee himself, his agent, servant, or any third party during the lease period. It ensures that the lessor does not bear the risk of damage once the equipment



has been handed over to the lessee and helps in preserving the value of the leased asset throughout the lease term. This implication is that the Lessor is shielded from the financial burden of repairing or replacing damaged equipment while it is in the lessee's possession. Also, the lessor is entitled to claim the cost of repairs or replacement from the lessee if damage occurs due to any of the covered acts.

Many lease agreements contain clauses on insurance of the leased equipment against damage. The provision of section 24 supports such clauses and gives the lessor a statutory backup in claiming damages or insurance proceeds. It also underpins indemnity clauses that protect the lessor from loss.

The ELA equally re-echoes the need to protect the lessor against damage to the leased equipment by providing for insurance of the leased equipment. Section 35 of the Act provides that –“a registered equipment lease shall be insured with a registered insurance company as may be mutually agreed”.

The Lease contracts often include specific provisions that reflect this statutory duty, requiring the lessee to promptly notify the lessor of any damage, make the lessee liable for repair costs, and allow the lessor to inspect the equipment periodically (related to Section 26).

- **Protection against third-party claims**

Apart from the priority of the lessor's title or interest against claims from a third party (S,21), the lessor is

also protected against other third-party claims that may arise during the lease term..By default, the lessor is protected from liability for any claims brought by third parties regarding the use, possession, or operation of the leased equipment. Examples of such claims might include damage caused by the equipment during use, accidents involving third parties, or misuse of the equipment.

The lessee, who has possession and control of the equipment, is typically the party responsible for ensuring that the equipment is used legally and safely. Therefore, any third-party claims are more likely to be directed at the lessee (unless otherwise agreed).

To ensure adequate protection, lessors should include clear indemnity clauses in the lease agreement, especially in finance leases, ensure insurance coverage is in place for third-party liabilities and avoid involvement in the lessee's day-to-day operations of the equipment.

- **Inspection of asset and lessee's accounts and documentation**

The inspection of the leased asset and the lessee's accounts and documentation is addressed in Section 26 of ELA. This provision empowers the lessor to inspect the asset, but does not expressly mention inspection of accounts and documentation. However, where such inspection is required (e.g, to verify usage, lease compliance, or financial obligations), the parties may include inspection of records in the lease agreement as part of the contractual rights.

To legally inspect the lessee's accounts or documents, the lessor should ensure the lease agreement specifically provides for that right. This avoids breach of privacy or overstepping legal boundaries.



TAKING OWNERSHIP OF YOUR TASK: A DEEPER LOOK

Taking ownership of your task is one of the most powerful habits you can develop in your professional or academic life. It means fully accepting responsibility for your work, your results, and your growth. Ownership is not just about finishing what you start, it is about caring deeply about the quality and impact of what you produce.

Ownership involves commitment, accountability, initiative, and pride in the outcome. When individuals take ownership, they do not wait to be reminded, pushed, or corrected. They treat the task as if it truly belongs to them. When you take ownership, you move from being a passive participant to an active contributor.

The mindset behind ownership

Ownership begins with mindset. Instead of saying:

“That is not my job.”

“No one told me.”

“It was not my fault.”

A person who takes ownership says:

“How can I fix this?”

“What can I improve?”

“What needs to be done next?”

“I want this to come out good and best”



This mindset shift changes everything. It transforms responsibility into opportunity.

Key elements of taking ownership

- **Consistently meet deadlines** - You treat commitments seriously and understand that deadlines impact more than just your own work. You plan ahead, prioritise effectively, and manage your time wisely. When unexpected issues arise, you adjust quickly instead of letting the deadline slip. Consistency builds trust.
- **Communicate proactively about challenges** - Taking ownership does not mean working silently. It means communicating progress, challenges, and results. You do not wait until the last minute to speak up. If you foresee a delay or obstacle or it occurs, you inform the relevant people early and propose a plan to address it. Proactive and clear communication prevents surprises, builds transparency, and shows maturity, accountability and professionalism. True accountability is not about being perfect, it is about being responsible, proactive, and committed to improvement.



- **Seek solutions instead of excuses** - Rather than explaining why something cannot be done, you focus on what *can* be done. You take initiative to find alternatives, ask for resources if needed, and approach challenges with a problem-solving mindset instead of a defensive one. When difficulties arise, you do not shift blame at co-workers, circumstances, unclear instructions, or limited resources. Instead, you acknowledge your role, learn from the experience and focus on correcting the issue. Ownership is accepting full responsibility for outcomes and embracing both success and failure.
- **Seek feedback to improve** - You actively ask, "How can I do this better?" instead of waiting for criticism. You view feedback as a growth opportunity rather than a personal attack. By implementing suggestions and continuously improving, you demonstrate responsibility for your personal and professional development.

This reflection helps you grow consistently. Growth-oriented thinking was also demonstrated by leaders. You do not need a title to show leadership. Taking ownership is a key leadership trait such as Nelson Mandela, who learned from challenges and used them to strengthen leadership.



Practical ways to strengthen ownership

- Write down your responsibilities clearly.
- Set personal deadlines before official ones.
- Track your progress daily.
- Ask for feedback regularly.
- Accept criticism professionally.
- Focus on solutions, not complaints.

Ownership and Leadership

You do not need a leadership title to show leadership behavior. Taking ownership is a strong leadership trait. When you consistently handle responsibilities with seriousness, integrity, initiative, and accountability, people begin to see you as dependable and capable of handling greater responsibility. Ownership builds a reputation and reputation builds opportunity.

Conclusion

Taking ownership of your task is a powerful professional habit. It builds credibility, strengthens teamwork, and sets you apart as dependable and proactive. Taking ownership of your task is about pride, accountability, and growth. It means saying, "This is my responsibility, and I will see it through." It requires effort, maturity, and discipline but the rewards are significant. When you own your work, you control your development, build trust, and position yourself for longterm success. It is all about commitment to quality of what you produce.

Article by:

Ifeyinwa Chibuogwu

Lead, Business Development & Corporate Services
Equipment Leasing Association of Nigeria Ltd/Gte.



COSCHARIS MOBILITY LIMITED

CONTACT US



+234-701-513-1505

OUR SERVICES



**HOUSEHOLD EQUIPMENT/
VEHICLE LEASING**



FLEET MANAGEMENT



HAULAGE SERVICES



CAR RENTAL 



DRIVING ACADEMY



STAFF OUTSOURCING



COURIER SERVICES

ABUJA OFFICE

Coscharis Motors Ltd
Plot 388 Constitution Avenue
Central Business District, Abuja
Tel: +234-708-860-6356

PORT-HARCOURT OFFICE

Coscharis Motors Ltd
Plot 242 Aba Road,
Port Harcourt, River State.
Tel: +234-708-860-6727

ENUGU OFFICE:

Coscharis Motors Ltd
7 Kingsway Road,
GRA Enugu.
Tel: +234-802-890-5064

HEAD OFFICE: CG Eko PWD Building, Beside Shogunle Tax Office, GRA Ikeja, Lagos



www.coscharismobility.com



customerservice@coscharismobility.com



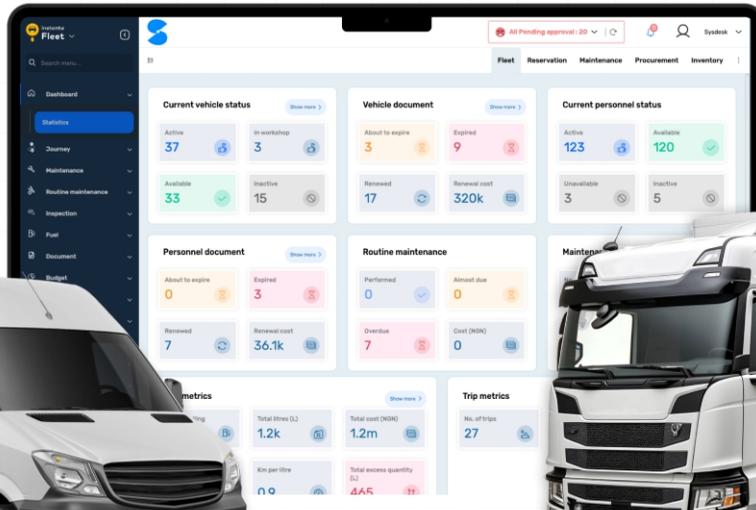
One Platform. Total Fleet Control.

Track, manage and optimise your fleet operations from a single, intelligent platform.

- GPS Tracking
- Video Telematics
- Workshop & Maintenance
- Journey
- Fuel
- Documents
- Drivers
- Parts Inventory
- Procurement
- Leasing

WITH INSTANTA FLEET YOU GET:

- Real-time visibility.
- Lower operating costs.
- Better control.



Why Instanta?

- Web & Mobile Access
- Secure Data
- Easy to Use
- Customize & Integrate with 3rd Party Apps
- Scalable

Trusted by Top companies:



Website
www.sysserve.com

Email
sales@sysserve.com

Whatsapp/ Mobile:
[+234 808 443 4355](tel:+2348084434355) | [+234 703 819 6082](tel:+2347038196082)