International Journal of Law
www.lawjournals.org
ISSN: 2455-2194
Received: 02-02-2025, Accepted: 04-03-2025, Published: 20-03-2025
Volume 11, Issue 3, 2025, Page No. 106-115

# Examining the tax liability of content creators in Nigeria; lessons from the Netherlands

**C O Nwabachili[1], C Emenike[2], C C Obi-Ochiabutor[3]**
[1] Department of International Law and Jurisprudence, Faculty of Law, Nnamdi Azikiwe University, Awka, Nigeria
[2] Faculty of Law, Nnamdi Azikiwe University, Awka, Nigeria
[3] Head, Department of Private Law, University of Nigeria, Nigeria

**Abstract**
The amount of wealth generated by a nation and its people can serve as a tool for the measurement of the growth and development of that nation. The researchers set out to unravel the *nitty gritty* of the issues arising in the taxation of content creators in Nigeria. Tax has been defined as a compulsory exaction of money by a public authority for public purposes or the raising of money for the purpose of government by means of contributions from individual persons. The emergence of content creation especially online content creation as a result of the development of the internet has brought with it a number of legal, fiscal and socio-economic issues. Hence in this work the term content creators is used in a wide sense to include both offline content creators and online content creators who make use of social media technologies like Facebook, YouTube, Instagram, Ttiktok, Twitter etc that lack a physical base hence making the taxation of these persons difficult. For tax liability to arise there must be a clear link between the charging provisions and the tax payer and given the application of the rules of residence in taxing taxpayers it has become difficult to tax these online content creators in light of the extant tax laws in Nigeria. This work aims to identify the issues arising in taxation of content creators and proffer effective solutions to remedy such revenue loss within the tax net. The methodology adopted in this work is doctrinal method of research using analytical, comparative, descriptive, expository and narrative approaches. Data was gotten from primary sources such as statues and case laws and from secondary sources such as the internet, journals, textbooks, articles and legal opinions which are relevant to the subject matter. The findings of this research reveal the challenges facing the enforcement and Tax assessment of content creators in Nigeria, addressing these challenges with a view of improving the level of tax compliance in Nigeria. This research using Netherlands as a model State recommends the enactment of adequate laws such as the content creation monitoring law in order to assess and better monitor the activities of content creators with a view of tightening the tax net to avoid further leakages as it is generally known that content creation is fast becoming a cash cow and thus this sector cannot go further without contributing to the revenue of the nation.

**Keywords:** Tax liability, content creation, assessment, social media, Nigeria, Netherlands

## Introduction

Tax has been defined as a compulsory contribution towards a country's expenses, raised by government from people's salaries, property and from the sale of goods and services. It is also seen as a compulsory financial charge or some other type of levy imposed upon a tax payer by a governmental organization, in order to fund various public expenditure [1].
It can be seen from these definitions that tax is one of the most important sources of revenue for the government. In 2015, the Federal Government of Nigeria collected 3.7 trillion naira in taxes. The tax collected by government through its agencies or the revenue authority is invested into infrastructural development of the state as well as the provision of amenities for the citizenry [2].
It is sufficient to say that taxation is the key to a sustainable development; this is because no government can survive without sufficient revenue to finance its activities. It is for this reason that revenue generation is one of the basic objectives of taxation [3]. It is important as; fiscal considerations are paramount in shaping development policies of a given economy either at micro or macro level.
The Nigerian tax system has undergone a lot of metamorphosis from the period before independence, after independence and even in recent times, with several tax reforms aimed at modernizing the Nigerian tax system to conform to global practices [6].
In Nigeria, the inadequacy of our tax laws has caused a very deep loss to the nation's economy, the taxation of content creators in Nigeria is becoming almost impossible as a result of the legislative and administrative lacuna within the tax system, thereby widening the gap and holes in the tax net culminating in excessive loss of revenue which would have ordinarily been collected for the benefits of the nation [5].
Nwabachili, Eze and Nwafor [6] have made very useful contribution on the subject matter. Their research bordered on tax laws and their effect on investments in Nigeria. They found in their research the several challenges facing tax administration in Nigeria, ranging from use of aggressive and unorthodox methods for tax collection, multiple taxations, from different tax authorities, under-utilization of funds.
The scholars [7] also pointed out that the implication of poor tax administrations in Nigeria is that other factors affecting investments, such as good roads, power, security, will not be adequately provided. The researchers made very apt and valid contributions. However, their work did not consider the cause of non-compliance to tax by the citizens which would have showed a casual effect connection. Also, providing a more detailed explanation of how exactly poor tax administration directly hampers the development of these factors would strengthen the argument. This is one of the reasons of this study.

This research is expected to exhume these issues affecting taxation of content creators in Nigeria to ensure there is no more leakages relating to content creators especially online content creator in the tax net of Nigeria.

**Conceptual Framework of Taxation**

The conceptual framework of this project seeks to outline meaning and definition of major terms of the research topic. It provides an insight for understanding the issues and considerations facing the tax liability of content creators in Nigeria. This is paramount in order to aid us in having a comprehensive understanding of the current status of the tax liability of content creators in Nigeria and best practices from Netherlands. These major terms will thus be conceptualized and defined seriatim.

**1. Taxation**

The Black law’s dictionary has defined tax as a charge usually monetary, imposed by the government on persons, entities, transactions or property to yield public revenue [8]. Tax according to Umenweke, is a compulsory contribution towards a country’s expenses raised by the government from people’s salaries, properties and from the sale of goods and services [9]. It is also seen as a compulsory financial charge or some other type of levy imposed upon a tax payer by a governmental organization, in order to fund various public expenditure. Tax has further been given a judicial definition in the Australian case of *Mathews v Chicory Marketing Board* [10] as a compulsory exaction of money by a public authority for public purpose or raising money for the purpose of government by means of contributions from individual persons.

It can be seen from the various definitions that tax is one of the most important sources of revenue for the government. It is sufficient to say that taxation is the key to a sustainable development; this is because no government can survive without sufficient revenue to finance its activities. It is for this reason that revenue generation is one of the basic objectives of taxation. It is important as fiscal considerations are paramount in shaping development policies of a given economy either at micro or macro level [11].

**2. Tax Assessment**

Tax assessment is a principle of taxation and an objective which operates to ensure that all taxpayers within a selected tax jurisdiction are accurately evaluated and included in the tax net in order to tighten all possible leakages [12]. It means any assessment, demand or other similar formal notice of a tax liability issued by or on behalf of any Tax Authority by virtue of which the tax payer either is liable to make payment of tax [13]. This assessment is based on the tax payer’s legal status or their businesses which may range from [14]:

- Individuals/enterprises, usually sole proprietorship or self-employed.
- Partnership, association of two or more persons coming together in business with a goal of making profit.
- Corporate entities/public companies, usually limited by shares
- Non-governmental organizations, usually unlimited or limited by guarantee

**Types of Assessment**

There are various types of assessments namely:

1. **Original Assessment:** This is levied on a taxpayer in a particular year of assessment. Where a taxpayer has delivered accounts and particulars for any accounting period, the board may accept the same and make the assessment accordingly, it may refuse to accept the same. Thus, original assessment is based on the account and particulars submitted to it by the tax payer as provided in section 54(1)(2) of the personal income tax act [15].

2. **Revised/Amended Assessment:** This is the kind of assessment raised to replace the original assessment which results from either a notice of objection or appeal that is successful. This kind of assessment is provided in section 58 of PITA [16].

3. **Best of judgment Assessment:** This arises where the taxpayer has either not filed returns or is not even registered for tax purpose. Where this occurs, the board will usually use the best of judgment [17].

4. **Self-Assessment:** This assessment scheme aims at shifting the duty of raising assessment to the taxpayers themselves. Under this system, the taxpayer is expected to accompany its tax returns with a self-assessment notice and evidence of payment to the Federal Inland Revenue Service through appropriate designated collecting banks [18].

**3. Tax Enforcement**

Taxation enforcement encompasses the mechanisms and strategies employed by tax authorities to ensure compliance with tax laws. It involves monitoring, investigation, and the application of penalties for non-compliance. The case *Nigerian Breweries PLC v FIRS* [19] held; Tax enforcement is a broad term that refers to a variety of techniques used to ensure tax compliance. The goal of enforcement is to ensure strict adherence to various tax compliance requirements, such as prompt and accurate filing and timely payment of tax liabilities [20].

It is vital to remember that everybody or any organization that fits into one of the above income groups is required to pay tax, whether voluntarily or involuntarily. The concerns of returns and assessment developed during this process. Every individual or entity liable to income tax for a given year is required to submit returns of income and other relevant information to the tax authority with the authority to assess him to tax, and this is contingent on the tax authority satisfying the returns [21]. Other tax enforcement tactics include asset seizure and subsequent disposal of tax default property, as well as the requirement that big transactions have a tax clearance certificate

**4. Basis of Tax Liability in Nigeria**

Section 3 of the Personal Income Tax Act, 2004 creates a liability for individuals and unincorporated bodies to pay taxes in Nigeria [22]. Section 9 of the Companies Income Tax Act, 2004 creates liability for incorporated companies to pay taxes in Nigeria [23]. Section 3 of the Personal Income Tax Act, 2004 and section 9 of the Companies Income Tax Act, 2004 cited above are the charging provisions that exist in the two major tax laws we have in Nigeria. Charging provisions are provisions which create liability to pay taxes upon the tax payers. For tax liability to arise there must be a

clear link between the charging provisions and the tax payer. The link must be direct and not inferential as stated *in Authority v Regional Tax Board* [24]. *In Ahmadu v Governor Kogi State, Odunyemi JCA* [25] stated that it is a well settled rule of law that all charges upon the subject must be imposed by clear and unambiguous language…. the subject is not to be taxed unless the language of the statute clearly imposes the obligation. Section 3 of the Personal Income Tax Act creates the liability upon the individuals and unincorporated bodies etc to pay taxes to the State Government where they reside or carry on a business as the case may be. Section 9 of the Companies Income Tax Act imposes a liability upon companies incorporated in Nigeria and outside Nigeria to pay taxes upon profits "accruing in" "derived from", "brought into", or "received in", Nigeria…"
It is pertinent to understand that a taxpayer is liable to pay tax to the government only when he is in receipt of an income chargeable. It must be an Income and at the same time be one that is not exempted from taxes by any tax statute. In other words, it must amount to an income receipt as against a capital receipt or any other type of receipt, for the said receipt to be taxable by the tax authority.

**Overview of the Concept of Content Creation**

Content creation has become a key element of digital communication, particularly with the growth of the internet, social media, and digital marketing. From reading blogs and watching YouTube videos to listening to pod-casts and browsing social media, we are continuously engaging with content. But what exactly does content creation involve?
According to Cambridge dictionary content creation is the activity or job of creating content (images, writing, etc.) for the internet, especially for a social media website as a way of promoting a brand or product or gaining followers [26]. In a survey conducted by Pew, content creation was defined as "the material people contribute to the online world" [27]. Content creation is the process of generating ideas, information, or entertainment and then publishing it in various formats like text, audio, video, or images Content creation encompasses various activities including maintaining and updating web sites, blogging, article writing, photography, videography, online commentary, social media accounts, and editing and distribution of digital media.
While Content creators on the other hand are individuals or businesses that produce this material with the intent of sharing it with a broader audience, usually through digital platforms such as websites, blogs, social media, and streaming services. According to Taylor Lorenz's report for The Atlantic [28], the term creator was originally marketed by YouTube, as an alternative to "YouTube star," which was a time when only a few famous public personalities could succeed on the platform. However, the term is now used to describe practically anyone producing any form of content online. Content creators craft online material to entertain or educate their following across multiple platforms. As a successful content creator, you can even monetize your content as is the prevalent trend now.
Content creators can be classified in various ways, but for the purposes of this project, it is important to categorize them based on the platforms they use, as this influences their tax obligations. Hence, the types of content creators are given as follows;

**Bloggers**

A blogger is a type of content creator who regularly shares written, visual, or multimedia content on a personal website or social media platform. Blogging in Nigeria covers a wide range of topics, including news, entertainment, fashion, lifestyle, technology, and politics, making bloggers essential voices across various sectors. One of the most notable examples is Linda Ikeji, widely regarded as one of Nigeria's most successful bloggers. She started her blog focusing on celebrity news, gossip, and entertainment [29].

**Brand Ambassador**

A brand ambassador is a person who represents a company and promotes its products or services to their own audience—online and offline. They are individuals who represent and promote a brand, product, or company, often serving as the public face of a campaign. Unlike influencers, who typically gain traction from their social media presence and broad personal appeal, brand ambassadors are specifically contracted by companies to represent their brand in a formal capacity. For instance, in the entertainment and fashion industries, celebrities like Burna Boy, Tiwa Savage, and Wizkid have all signed high-profile ambassadorial deals with global brands. Burna Boy, for example, has worked with brands such as Pepsi and Chipper Cash, using his influence as an internationally recognized musician to give the brands more exposure [30]. Similarly, Tiwa Savage has been an ambassador for companies like Tecno Mobile and Star Lager, leveraging her widespread popularity to connect with Nigerian consumers [31].
Brand Ambassadors are considered content creators as they produce engaging content on social media platforms, leveraging their massive followings to promote and raise awareness about the brands they represent.

**Influencer**

An influencer is an individual who has the ability to impact the opinions, behaviors, and purchasing decisions of their audience through their platforms, typically social media. In Nigeria, where social media has rapidly become a part of daily life, influencers wield considerable power, shaping cultural trends, political conversations, and consumer behavior. Influencers in Nigeria span various fields such as entertainment, fashion, technology, fitness, and politics.For instance, within the fashion and lifestyle space, people like Noble Igwe and Toke Makinwa stand out. Toke Makinwa, a media personality, has a massive following on platforms like Instagram and YouTube, where she shares content on beauty, fashion, and relationships [32].

**Podcaster**

Podcasters are digital storytellers who create audio episodes about news, sports, true crime, and other topics for an audience. A podcast is an audio program available for streaming or download, typically structured around conversations, interviews, or monologues on various topics. Nigerian podcasters cover an expansive range of subjects, from politics, culture, and current events to niche topics like mental health, relationships, business, and technology.

**Vlogger**

A vlogger, or video blogger, is someone who creates and shares video content on platforms like YouTube, Instagram, and TikTok, focusing on a wide array of subjects including lifestyle, travel, fashion, and personal experiences. This medium allows creators to connect with their audience on a more personal level, often blending entertainment with educational or inspirational content. One notable example in the Nigerian vlogging space is Sisi Yemmie. Known for her engaging content on family life, food, and travel, Sisi Yemmie offers viewers a glimpse into her daily experiences as a Nigerian mother and entrepreneur. Her vlogs cover a range of topics from cooking traditional Nigerian dishes to sharing family moments and travel adventures [33].

This medium allows creators to showcase their personalities, share their expertise, and build a community around their content.

**You Tuber**

A YouTuber is a content creator who uses the YouTube platform to share videos with their audience, often monetizing their content through ads, sponsorships, and viewer donations. Nigerian YouTubers have carved out significant niches in various fields, creating communities that deeply engage with their content, and in many cases, influencing public opinion and trends. One of the most remarkable examples of Nigerian YouTubers is Pastor Jerry Eze, the founder of the popular online religious program "New Season Prophetic Prayers and Declarations" (NSPPD) [34]. The NSPPD morning prayers, streamed live on YouTube, have become a global phenomenon, attracting viewers seeking spiritual guidance, miracles, and prayers for healing. His YouTube presence has brought a new dimension to religious worship, making it accessible to a global audience in real-time.

**The Growth of Content Creation in Nigeria**

The growth of content creation in Nigeria has been nothing short of remarkable, especially in recent years. As Taylor Lorenz noted in The Atlantic, the term "creator" was popularized by YouTube as an alternative to "YouTube star," but it now describes nearly anyone producing content online, whether it is skits, music, or tutorials [35]. This shift aligns with how content creation has exploded globally, especially during the COVID-19 pandemic. With millions stuck at home, more people turned to online platforms for entertainment, education, and shopping, boosting the creator economy in ways that were previously unimaginable.

In Nigeria, content creation has become a vital part of the creative industry, which is one of the largest employers in the country. What used to be seen as informal or "side work" has now become a thriving sector that not only provides income but also plays a huge role in promoting Nigerian culture worldwide. According to Jobberman, the creative sector currently employs about 4.2 million Nigerians, and it is projected to create an additional 2.7 million jobs by 2025 [36]. This highlights how integral content creation is to the Nigerian economy, especially for the younger generation.

Social media has not only provided a platform for entertainment but has also opened doors to significant financial opportunities. Forbes noted that some of the top creators globally earned hundreds of millions in just one year, while platforms like Instagram allow influencers to earn up to six figures per post [37]. In Nigeria, influencers and creators like Sydney Talker and Kiddwaya have leveraged their online followings to land lucrative brand deals and ambassador roles, blending entertainment with business.

Initiatives like Playhouse's StoryHub campaign [38] have highlighted the role content creators play in driving Nigeria's economic growth. This campaign focused on the increasing influence of content creators demonstrating how online platforms have become fertile grounds for new talent to thrive. With more young Nigerians aspiring to become content creators and social media influencers, this sector is fast becoming a mainstay in the economy. In fact, many young people now see content creation as a viable career path, sometimes even more appealing than traditional careers like medicine or law. This trend mirrors the global rise in the creator economy, where people are making a living out of their creativity, ideas, and influence.

Nonetheless, content creation in Nigeria has grown from being a niche interest to a major force in the economy, contributing jobs, driving cultural export, and providing young people with new avenues for success. As more creators rise and the digital landscape continues to evolve, this trend shows no signs of slowing down. administration directly hampers the development of these factors would strengthen the argument. This is one of the reasons of this study.

Administration directly hampers the development of these factors would strengthen the argument. This is one of the reasons of this study.

**The tax liability of content creators in Nigeria: Lessons from the Netherlands**

**1. Tax liability of content creators in Nigeria**

For tax liability to arise there must be a clear link between the charging provisions and the tax payer. The link must be direct and not inferential as stated in *Authority v Regional Tax Board* [39]. In *Ahmadu v Governor Kogi State* [40], *Odunyemi JCA* stated that it is a well settled rule of law that all charges upon the subject must be imposed by clear and unambiguous language…. the subject is not to be taxed unless the language of the statute clearly imposes the obligation [41].

Section 3 of the Personal Income Tax Act creates the liability upon the individuals and unincorporated bodies etc to pay taxes to the State Government where they reside or carry on a business as the case may be [42]. Section 9 of the Companies Income Tax Act imposes a liability upon companies incorporated in Nigeria and outside Nigeria to pay taxes upon profits “accruing in” “derived from”, “brought into”, or “received in”, Nigeria…” the tax liability of content creators in Nigeria can be a complex issue, and the argument that they are not liable to be taxed due to the source of their income requires critical examination [43].

In Nigeria, the emergence of content creators as a significant sector within the digital economy has brought new challenges to tax administration. With platforms like YouTube, Instagram, TikTok, and others providing avenues for individuals to generate substantial income, the Nigerian government has recognized the need to impose tax liabilities on these activities [44]. This approach is underpinned by the provisions of the Personal Income Tax Act and the Companies Income Tax Act, both of which define the taxable obligations of individuals and companies, respectively. The evolution of the digital economy necessitates a critical appraisal of how these laws apply to content creators and the complexities surrounding their tax liability [45].

The Personal Income Tax Act (PITA) is the primary legislation governing the taxation of individuals, including sole proprietors and freelancers, which often encompasses content creators who operate independently [46]. Under PITA, an individual resident in Nigeria is liable to pay tax on all their income, irrespective of whether it is earned in or outside Nigeria, provided that the income is brought into or received in Nigeria. This includes earnings from content creation activities, such as advertising revenue, brand sponsorships, or affiliate marketing [47].

Section 3 of PITA specifies that the gains or profits of an individual from any trade, profession, vocation, or business constitute taxable income [48]. Content creation, which involves generating income from digital platforms by leveraging one's creative skills, falls squarely under this definition. Therefore, a content creator who earns income from their online activities is subject to personal income tax under PITA, provided their earnings exceed the minimum taxable threshold [49].

One of the critical issues in applying PITA to content creators is the informal nature of their operations. Many content creators operate outside the traditional business structure, often without formal registration or the maintenance of accounting records [50]. This poses a challenge to the Nigerian tax authorities, particularly in terms of tracking and assessing income for tax purposes. While the law mandates tax compliance, the lack of proper documentation and transparency in the financial dealings of content creators can lead to under-reporting or non-reporting of taxable income [51].

The enforcement of tax obligations under PITA raises further complexities when considering the global nature of content creation. Many content creators in Nigeria earn income from international platforms like YouTube or TikTok, which pay content creators in foreign currency. According to Section 6 of PITA, the worldwide income of a Nigerian resident is taxable in Nigeria [52]. However, there is often ambiguity regarding the taxation of income earned from non-Nigerian sources, especially when content creators are paid through foreign digital platforms that may not be subject to Nigerian regulations [53]. This creates the potential for tax avoidance, as content creators may fail to declare their foreign earnings.

Moreover, under the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, any income brought into Nigeria from outside the country must be declared for tax purposes [54]. Therefore, content creators receiving payment from foreign companies or platforms are still liable to pay personal income tax on their earnings. However, enforcement mechanisms remain weak, as Nigerian tax authorities may struggle to monitor and assess foreign income streams, particularly those flowing through informal channels like cryptocurrencies or international payment gateways.

On the corporate side, the Companies Income Tax Act (CITA) governs the taxation of incorporated entities. For content creators who operate as registered companies, CITA imposes a tax on the profits of any company accruing in, derived from, brought into, or received in Nigeria. Section 9 of CITA establishes that the profits of any company, whether earned within or outside Nigeria, are subject to company income tax [55]. Content creators who have registered their businesses as companies are required to pay tax on their net profits at the prevailing corporate tax rate.

The application of CITA to content creators is straightforward when they operate through formal business entities, such as limited liability companies. The income generated from advertisements, endorsements, and other monetization activities is classified as business income and is taxable under CITA. In such cases, content creators are required to maintain proper accounting records, file annual tax returns, and comply with the provisions of the Companies Income Tax Act [56].

However, a significant portion of content creators in Nigeria may not be registered as corporate entities, choosing instead to operate as sole proprietors [57]. In such cases, PITA rather than CITA applies [58]. This distinction creates a grey area for tax authorities, as there is often uncertainty about whether a content creator should be classified as an individual under PITA or a business under CITA. The determination of tax liability depends on whether the content creator operates a registered business entity and the scale of their operations [59].

In response to the rise of digital businesses, including content creation, the Federal Inland Revenue Service (FIRS) in Nigeria has initiated measures to improve tax compliance in the digital economy [60]. One of these measures includes expanding the tax net to capture revenue from online businesses, including content creators. The FIRS has also introduced technology-driven initiatives aimed at monitoring online transactions and ensuring that income earned through digital platforms is properly taxed. Nonetheless, significant gaps remain in enforcement, particularly with respect to small and medium-scale content creators who may not have formalized their business activities [61].

The taxation of content creators under PITA and CITA is further complicated by the issue of double taxation, particularly for creators who earn income from foreign platforms. Nigeria has entered into double taxation agreements (DTAs) with several countries to prevent the same income from being taxed twice. However, the practical application of these agreements to content creators is challenging, as many operate informally and may not take advantage of the relief provided by DTAs. Without proper tax advice or the maintenance of tax records, content creators may find themselves subject to taxation in both Nigeria and the country where their income is generated, especially when receiving payments from global platforms.

Another layer of complexity in the taxation of content creators is the role of indirect taxes, such as Value Added Tax (VAT). Under the VAT Act, businesses that supply goods and services are required to charge VAT at the rate of 7.5% on their sales. Content creators who provide services to Nigerian companies or individuals are technically required to charge VAT on these services. For instance, a content creator who is paid by a Nigerian company for an endorsement or advertisement is required to charge VAT on the fee received.

However, many content creators are unaware of their VAT obligations or fail to comply due to the informal nature of their operations. This non-compliance raises significant concerns for the FIRS, as the digital economy represents a growing source of untapped revenue. The introduction of VAT on digital services, as proposed by the FIRS, is aimed at addressing these concerns, but its implementation remains a work in progress.

One compelling argument for taxing content creators in Nigeria lies in the principle of tax equity. The Nigerian tax system, governed by the Personal Income Tax Act (PITA) and the Companies Income Tax Act (CITA), operates on the basis that all individuals and companies earning income in Nigeria or bringing income into Nigeria are subject to tax. Content creators are essentially no different from other professionals or businesses that provide services, create products, or generate revenue through their labor or creativity. Whether they earn money from brand endorsements, advertisements, or sponsorships, their income falls under the umbrella of taxable activities defined in PITA and CITA. Exempting them would disrupt the fairness in the system and grant them an undue advantage over traditional businesses and self-employed individuals, who are liable to pay taxes on their earnings.

Another key argument relates to the scope of Nigerian tax laws, which clearly capture the income of content creators. Under Section 3 of the Personal Income Tax Act (PITA), individuals are liable to pay tax on profits or gains from any trade, profession, vocation, or business. Content creation qualifies as a profession or business, especially when creators monetize their work and receive payment in exchange for services rendered. These services often include marketing and promotional work for brands or companies, creating content in return for payment, or generating income through advertisements that appear on their content platforms. The Personal Income Tax Act extends its reach to include foreign-sourced income that is brought into or received in Nigeria. This provision effectively closes any potential loophole for content creators earning from international platforms but residing in Nigeria.

Further, the Companies Income Tax Act (CITA) captures those content creators who operate their ventures as registered companies. Many content creators have scaled their operations, registering as limited liability companies or formal enterprises. When content creation becomes a structured, ongoing business, CITA imposes tax on their profits, like any other company operating in Nigeria. These creators are no different from other businesses generating revenue, and thus, there is a compelling case for their inclusion in the tax net.

However, despite the clear provisions in PITA and CITA, there is a legitimate question as to whether the current tax net effectively captures the income of content creators. There are certain challenges that the Nigerian tax authorities face in tracking and enforcing tax compliance among content creators. Many content creators operate informally, without registered businesses or proper accounting practices, making it difficult for tax authorities to assess their income accurately. Furthermore, the global nature of their earnings—especially income paid in foreign currency through international platforms—presents difficulties in monitoring and taxing foreign-sourced revenue.

While the tax net theoretically captures content creators, the reality is that enforcement remains a challenge. The informal nature of many creators' operations and the relative novelty of the sector mean that many are not fully within the view of the Federal Inland Revenue Service (FIRS). As a result, content creators often evade taxation either through ignorance of their obligations or due to the difficulties in assessing and tracking their digital income.

In conclusion, content creators should unquestionably be subject to tax in Nigeria. The arguments for taxing them are grounded in principles of equity, fairness, and the need to align with global tax trends. Both the Personal Income Tax Act and the Companies Income Tax Act provide sufficient legal basis to tax content creators, as their activities clearly constitute income-generating trades or professions. While the tax laws are theoretically sound and capture content creators within their ambit, the practical challenges of enforcement—due to the informal and global nature of the sector—present an ongoing issue. Nevertheless, Nigeria's efforts to modernize its tax system and expand its reach into the digital economy show promise in ensuring that content creators contribute their fair share to the national revenue.

**2. Tax liability of content creators in the Netherlands**

The tax liability of content creators in the Netherlands is a critical and evolving issue, particularly given the growing number of individuals monetizing social media platforms like YouTube, TikTok, and Instagram. As of July 1, 2022, content creators in the Netherlands must comply with the Dutch Media Act if they meet specific criteria, such as having more than 500,000 followers, being registered as an entrepreneur with the Dutch Chamber of Commerce (KVK), posting a minimum of 24 videos in 12 months, and generating income from their content. Those who meet these thresholds must adhere to strict regulations regarding advertising transparency, sponsorships, and product placements. Furthermore, these creators are subject to various tax obligations, including value-added tax (VAT) and income tax [62].

For tax purposes, most content creators who earn income through social media are considered entrepreneurs by the Dutch Tax Administration (Belastingdienst). This classification subjects them to VAT, which they must charge to clients and report to the tax authorities. The standard VAT rate in the Netherlands is 21%, but some services might qualify for reduced rates of 9% or even 0%, depending on the nature of the services provided. For example, some educational or journalistic services may be exempt from VAT altogether. However, content creators typically operate within the 21% rate bracket due to the commercial nature of their activities, which often include advertising, sponsorships, and affiliate marketing [63].

An essential tax consideration for content creators in the Netherlands is whether they qualify for the Small Business Scheme (kleineondernemersregeling, KOR). If their annual turnover is less than €20,000, creators may apply for this scheme, which exempts them from filing VAT returns and charging VAT on their services. However, this exemption comes with the limitation that they cannot reclaim VAT on their business expenses, potentially leading to higher operational costs. Creators need to assess whether opting for the KOR is advantageous based on their revenue streams and expenses.

Income tax is another major area of concern for content creators. Depending on the legal structure chosen—whether as an eenmanszaak (sole proprietorship) or a BV (private limited company)—creators are required to report their earnings and pay income tax or corporate income tax. Sole proprietors are taxed on their personal income, while BVs are subject to corporate tax. The rates for income tax are progressive, ranging from 37.07% to 49.50%, depending on the level of income. This progressive system means that higher-earning content creators may face substantial tax liabilities, making it imperative for them to engage in effective tax planning and to take advantage of allowable deductions, such as business expenses related to content creation [64].

In addition to income tax, content creators may also be liable for social security contributions if they are classified as self-employed entrepreneurs. These contributions are essential for accessing benefits such as healthcare, pensions, and other social services in the Netherlands. Freelancers and self-employed individuals must navigate these obligations carefully, ensuring that they are compliant with the social security system and are contributing appropriately based on their earnings [65].

One of the unique aspects of the Dutch tax system is its stringent regulatory framework for digital creators. The Dutch Media Act not only imposes transparency requirements but also mandates that content creators save their content for at least two weeks and make their identity known to their audience. For those with two or more employees, the Act requires the drafting of an editorial statute, further complicating their operational and legal responsibilities. Failure to comply with these rules could result in fines or other penalties from the Dutch Media Authority. This regulatory oversight is part of a broader effort to ensure that content creators do not misuse their platforms, particularly with regard to advertising and targeting minors [66].

The international dimension of content creation adds another layer of complexity to the tax liabilities of Dutch creators. Many creators operate on platforms based outside the Netherlands, often receiving income from international sponsors or advertisers. This raises issues related to cross-border taxation, as income earned abroad may be subject to double taxation treaties. Content creators must be mindful of their international tax obligations, particularly if they have audiences or clients in multiple jurisdictions. The Netherlands has an extensive network of tax treaties designed to prevent double taxation, but navigating these agreements requires specialized knowledge and careful planning [67].

Moreover, the tax authorities in the Netherlands are increasingly focused on ensuring that digital creators are compliant with tax laws. Given the informal nature of some revenue streams, such as affiliate marketing or sponsored posts, creators must maintain accurate records of all income sources and be transparent in their dealings with the tax authorities. Audits and enforcement actions are likely to increase as the government seeks to regulate the growing digital economy more rigorously.

In conclusion, content creators in the Netherlands face a multifaceted tax landscape that includes VAT, income tax, and social security contributions. With the introduction of the Dutch Media Act, creators must also navigate new regulatory requirements concerning transparency and advertising. The tax liability of these creators depends on their legal structure, revenue, and the nature of their content. Careful tax planning and compliance are crucial, particularly as the digital economy continues to expand, and the Dutch government increases its oversight of content creators. By understanding the intricate tax laws and regulations, Dutch content creators can manage their tax liabilities effectively, while remaining compliant with both national and international tax obligations [68].

## 3. Lessons for Nigeria from the Netherlands

Analysis of the taxation of content creators in the Netherlands and Nigeria reveals critical lessons Nigeria can adopt to develop a more structured, effective, and fair tax system for its growing digital economy. The rise of content creation as a significant economic activity has challenged traditional taxation frameworks, particularly in countries like Nigeria where digital business models are rapidly evolving, yet regulation and taxation mechanisms lag behind. The Dutch approach to taxing content creators, which is comprehensive and nuanced, offers valuable insights for Nigeria, which is currently grappling with how to tax this burgeoning sector effectively.

1. The taxation of content creators in the Netherlands operates within a well-defined legal and regulatory framework. Content creators are subject to the Dutch Media Act, which came into effect in July 2022, outlining specific obligations related to advertising, sponsorship transparency, and platform registration. This Act not only regulates the nature of content production but also has significant tax implications, particularly for creators who meet certain thresholds, such as having over 500,000 followers on platforms like YouTube, TikTok, or Instagram, and earning income from their content. In addition to these content regulations, the Dutch taxation system requires content creators to comply with value-added tax (VAT) and income tax obligations, which vary based on their legal structure—whether as a sole proprietor (eenmanszaak) or a private limited company (BV) [69].

The Dutch tax system's recognition of content creators as entrepreneurs is an important lesson for Nigeria, where the informal nature of content creation often results in underreporting of income or non-compliance with tax regulations. In the Netherlands, freelancers and self-employed content creators are categorized as entrepreneurs for VAT purposes, meaning they are required to charge VAT on their services and report their earnings to the tax authorities. This structured approach ensures that content creators contribute to the tax system like other traditional businesses, promoting fairness and equity in tax administration. Nigeria, on the other hand, lacks a clearly defined legal status for content creators, which complicates the process of ensuring tax compliance. The Dutch model of categorizing content creators as entrepreneurs could be instrumental in helping Nigerian tax authorities establish a more formal and enforceable framework.

In Nigeria, where informal business practices dominate, content creators often operate outside formal regulatory and tax systems. This creates significant challenges for tax authorities in identifying and assessing the income generated from online platforms. The Dutch system provides a roadmap for how Nigeria could formalize this sector by implementing clear registration and reporting requirements for content creators. For instance, the requirement in the Netherlands that creators register with the Chamber of Commerce (KVK) ensures that content creators are entered into a national database, making it easier for the tax authorities to monitor their income and enforce tax compliance. Nigeria could benefit from establishing a similar system, possibly in collaboration with its [70] Corporate Affairs Commission (CAC) and Federal Inland Revenue Service (FIRS), to track content creators' earnings and integrate them into the tax net.

Another significant aspect of the Dutch tax system that Nigeria can learn from is the Small Business Scheme (kleineondernemersregeling, KOR), which provides tax relief to small businesses with annual revenues below €20,000. Under this scheme, eligible content creators do not have to file VAT returns, although they are also unable to reclaim VAT on business expenses. This provision simplifies the tax process for small-scale creators and reduces the administrative burden on both the creators and the tax authorities [71]. For Nigeria, where many content creators might not generate substantial income in the early stages of their careers, introducing a similar small business tax relief scheme would encourage compliance by reducing the perceived complexity and burden of taxation. Such a system could offer incentives for smaller creators to voluntarily register and report their income, knowing that they will not be subject to onerous tax obligations unless they exceed a particular income threshold [72].

In the area of VAT, the Dutch approach provides an instructive model for Nigeria. In the Netherlands, freelancers and content creators who are registered as entrepreneurs must charge VAT on their services at a rate of 21%, the standard VAT rate in the country [73]. Nigeria, which operates a VAT system with a rate of 7.5%, has struggled with widespread non-compliance, particularly in the informal sector. By implementing stricter registration and reporting mechanisms, Nigeria could more effectively collect VAT from digital content creators. The Dutch experience demonstrates that VAT collection is more efficient when content creators are integrated into the formal economy and when tax regulations are clearly communicated and enforced.

Income tax is another area where Nigeria could learn valuable lessons from the Netherlands. In the Dutch system, content creators are subject to progressive income tax rates, with higher earners paying higher rates. Sole proprietors, for example, are taxed on their personal income, while those operating as BVs (private limited companies) are subject to corporate income tax. This distinction allows for flexibility, enabling content creators to choose the legal structure that best suits their business model and income level. Nigeria could adopt a more flexible approach to taxing content creators by providing different tax brackets and rates that reflect the varied nature of income generated through digital content creation. This could help reduce the burden on smaller creators while ensuring that high-earning individuals and companies contribute fairly to the tax system.

One of the challenges Nigeria faces in taxing its digital economy is the difficulty in tracking income from international sources. Many Nigerian content creators work on global platforms, receiving payments from companies and advertisers outside Nigeria. This presents issues related to cross-border taxation and the potential for income to be hidden or underreported. The Netherlands, with its extensive network of tax treaties designed to prevent double taxation, provides a useful example of how Nigeria can address this issue. By entering into more bilateral tax agreements with other countries, Nigeria could ensure that income earned by its residents from foreign sources is appropriately taxed, while also avoiding the risk of double taxation. Additionally, Nigeria could enhance its tax enforcement capabilities by adopting digital tools and technologies, as the Dutch have done, to track income and ensure compliance with international tax obligations.

One area where the Netherlands excels, and Nigeria can draw significant lessons from, is the clarity and transparency of its tax laws and regulations concerning content creators. In the Netherlands, content creators are required to disclose their income and sponsorships clearly, and the Dutch Media Act mandates transparency in advertising and product placement. This prevents underreporting of income and helps ensure that the tax authorities have accurate information about creators' earnings. Nigeria, by contrast, lacks specific regulations regarding transparency in digital advertising and sponsorships, which can lead to significant revenue losses for the government [74]. By adopting clearer rules that require content creators to disclose their income sources and the nature of their advertisements, Nigeria could significantly improve tax compliance in this sector.

In conclusion, the Netherlands offers several valuable lessons for Nigeria on the taxation of content creators. By formalizing the sector, introducing clear registration and reporting requirements, offering tax relief to small-scale creators, and ensuring transparency in advertising, Nigeria could develop a more effective and fair tax system for its digital economy. Additionally, by improving international tax cooperation and leveraging technology to track income more effectively, Nigeria could address the challenges posed by cross-border income streams. As content creation continues to grow as an economic activity, Nigeria would benefit from adopting these lessons to ensure that its tax system keeps pace with the rapidly evolving digital landscape.

**Conclusion**

The digital revolution has created a new class of economic actors—content creators—who, through various online platforms, generate substantial income. In Nigeria, this emerging sector poses significant challenges to the traditional tax system. The lack of clear tax guidelines for content creators, coupled with issues of tax evasion and the informal nature of the industry, has resulted in a substantial loss of potential revenue for the government. On the other hand, content creators are also burdened by the ambiguity surrounding their tax obligations, leading to potential legal repercussions.

A critical analysis reveals that Nigeria's tax framework is not yet fully equipped to handle the unique dynamics of the digital economy. By examining the tax policies of the Netherlands, a country that has successfully integrated content creators into its tax regime, several lessons can be drawn. The Netherlands' approach, characterized by clarity, fairness, and efficiency, serves as a model for Nigeria. However, the success of any tax policy hinges on its adaptability to local contexts. Thus, while Nigeria can adopt some aspects of the Dutch model, it must tailor these strategies to fit its socio-economic realities.

In essence, Nigeria must strike a balance between creating a tax environment that fosters compliance and supports the growth of content creators, while also ensuring that it maximizes revenue from this burgeoning sector. The lessons from the Netherlands underscore the importance of a well-structured tax system that promotes transparency, inclusivity, and fairness.

## Recommendations

### Development of Clear Tax Guidelines

The Nigerian government should develop comprehensive and clear tax guidelines specifically tailored for content creators. These guidelines should define taxable income, deductions, and obligations, ensuring that content creators understand their responsibilities and rights.

### Simplification of Tax Processes

Drawing lessons from the Netherlands, Nigeria should simplify its tax processes, making it easier for content creators to file returns and pay taxes. This could include the development of digital platforms that are user-friendly and accessible, reducing the bureaucratic hurdles that often lead to non-compliance.

### Awareness Campaigns and Education

The government should launch awareness campaigns and educational programs targeting content creators. By informing them about their tax obligations and the benefits of compliance, the government can foster a culture of tax responsibility within this community.

### Incentives for Compliance

To encourage voluntary tax compliance, Nigeria could introduce incentives such as tax breaks or deductions for content creators who regularly fulfill their tax obligations. This approach, similar to that of the Netherlands, would reward compliance and create a positive relationship between content creators and the tax authorities.

### Strengthening Tax Enforcement Mechanisms

While fostering a culture of compliance is crucial, it is equally important to strengthen enforcement mechanisms. The Nigerian government should improve its capacity to monitor and track online income streams to ensure that all taxable income is captured. This could involve collaborations with digital platforms to provide the necessary data.

### Introduction of a Special Tax Regime for Content Creators

Nigeria could consider introducing a special tax regime for content creators, similar to the tax bands used in the Netherlands. This regime would recognize the unique nature of the digital economy, offering tailored tax rates that reflect the income levels and business models of content creators.

## References


1. M N Umenweke, *Tax Law and its Implications for Foreign Investments in Nigeria* (Enugu Nigeria: Nolix Education Publication, 2008, 5.
2. RA Anisere-Hameed, ‘Impact of Taxation on the Growth and Development of the Nigerian Economy’ [*European Journal of Accounting, Auditing and Finance Research*,2021:9(4):1-11
3. M Adagbabiri,‘Accountability and Transparency: An Ideal Configuration for Good Governance’ *Developing Country Studies*,2015:5:21):3-4
4. *Ibid*
5. U Uche,‘Only 41m out of 200m Nigerians Pay Taxes-F1RS’ *The Sun* (Abuja, 8th October 2021) <https://www.sunnewsonline.com/only-41m-out-of-200m-nigerians-pay-taxes-firs/> Accessed 15th August 2024.
6. C O Nwabachili *et al*, ‘Appraisal of Nigerian Tax Laws and their Effects on Investments in Nigeria’ [2018] (117) *Elixir International Journal, 50536*- 50552.
7. *Ibid*
8. B A Garner, *Black’s Law Dictionary* (10th ed., Thompson Reuters, 2014, 2327
9. M N Umenweke, *Tax Law and its Implications for Foreign Investments in Nigeria* (Enugu Nigeria: Nolix Education Publication, 2008, 5.
10. (1938) 60 CLR 263 at 276.
11. A. Odusola, ‘Tax Policy Reforms in Nigeria’ *World Institute for Development Economic Research European Journal of Social Science*,2006:8(4):532-543
12. A Ipaye, *Nigerian Tax Law and Administration: A Critical Review*, (London, United Kingdom: ASCO Prime Publications Ltd. 2014, 6.
13. *Ibid*
14. *Ibid*
15. Personal Income Tax Act, 2011, s 54 (1) (2)
16. *Ibid*, s 58
17. I A Ayua, *the Nigerian Tax Law* (Ibadan: Spectrum Law Publishing, 1996, 3.
18. *Ibid*
19. [2016] 24 TLRN
20. F R Davies (ed), *Introduction to Revenue Law*, (2nd ed London: Sweet & Maxwell, 1985, 3.
21. *Wachukwu V Onwunwanne* [2011] 14NWLR [Pt 1266] 1 36-37; I*biyeye v Fajule* [2006] 3NWLR [Pt 968] 640*; Health Care Products (Nig.) Ltd v Bazza* [2004] 3NWLR [Pt 861] 582.
22. Personal Income Tax Act 2004, s.3
23. Company Income Tax Act 2004, s.9
24. (1970) LLJR-SC
25. (2001) JELR 51213 (CA).
26. Cambridge University Press. 'Content Creation,’ 2024. <https://dictionary.cambridge.org/dictionary/english/content-creation> accessed 15th August 2024.
27. L Amanda, D F Johns, J Horrigan. "Content creation online" pew internet and American life project, 2004. <https://www.pewresearch.org/internet/Reports/2004/Content-Creation-Online/2-Content-Creation-Online/1-The-material-people-contribute-to-the-online-world.aspx> accessed 15th August 2024
28. T Lorenz, "How YouTube Changed the World." The Atlantic<https://www.theatlantic.com/technology/archive/2019/02/how-youtube-changed-culture/582869/> accessed 15th August 2024
29. C Okojie, "How Linda Ikeji Revolutionized Blogging in Nigeria." <https://businessday.ng/> accessed 15th August 2024
30. F Adekoya, "Burna Boy, Pepsi and the Rise of Music Celebrity Brand Endorsements in Nigeria’’ <https://guardian.ng/> accessed 15th August 2024
31. C Okeke, "Tiwa Savage Signs Ambassadorial Deal with Tecno Mobile." <https://businessday.ng/> accessed 15th August 2024
32. L Adetiba, "Toke Makinwa: From Media Personality to Social Media Influencer." <https://www.pulse.ng/>. accessed 15th August 2024
33. T Adeyemi, "Sisi Yemmie: The Nigerian Vlogger Bringing Family Life and Food to the Forefront

<https://www.bellanaija.com/>accessed 15th August 2024

34. D Olugbenga, "The Rise of Pastor Jerry Eze and the NSPPD Movement." <https://guardian.ng/> accessed 15th August 2024
35. *Ibid*
36. Jobberman “Building the Future: Employment Report for Nigeria’s Creative Sector." <https://www.jobberman.com/discover/building-the-future> accessed 15th August 2024
37. Forbes (2021). "Highest-Paid YouTube Stars 2020: MrBeast, Ryan Kaji And Dude Perfect Rule." Forbes. Retrieved from [Forbes]<https://www.forbes.com/sites/abrambrown/2020/12/18/highest-paid-youtube-stars-2020-mrbeast-ryan-kaji-and-dude-perfect-rule/?sh=61c7423432f0.> accessed 15th August 2024
38. Playhouse. "StoryHub Campaign Launches: Celebrating Nigeria’s Content Creators," 2020. Playhouse Media. [Playhouse]<https://playhouse.ng/storyhub-campaign-celebrates-content-creators/> accessed 15th August 2024
39. (1970) LLJR-SC
40. (2001) JELR 51213 (CA)
41. *Supra*
42. Personal Income Tax Act, s.3
43. Companies Income Tax Act, 2004, s 9
44. T Adewusi, ‘Regulation Of Content Creators In Nigeria - Issues, Prospects And The Role Of The Tax Man’ < https://www.mondaq.com/nigeria/social-media/1455714/regulation-of-content-creators-in-nigeria--issues-prospects-and-the-role-of-the-tax-man> accessed 5th September, 2024
45. *Ibid*
46. C Uwaegbute, *et al*., ‘ Taxes on Personal Income’ < https://taxsummaries.pwc.com/nigeria/individual/taxes-on-personal-income> accessed 5th September, 2024
47. *Ibid*
48. *Ibid*
49. S Orufa, ‘Can The Government Tax Content Creators In Nigeria?’ < https://venturesafrica.com/can-the-government-tax-content-creators-in-nigeria/> accessed 5th September, 2024
50. *Ibid*
51. *Ibid*
52. Personal Income Tax Act, s. 6
53. S Orufa, ‘Can The Government Tax Content Creators In Nigeria?’ < https://venturesafrica.com/can-the-government-tax-content-creators-in-nigeria/> accessed 5th September, 2024
54. FIRS, ‘Tax Treatments of Foreign Exchange’ < https://firs.gov.ng/pdf/202404-Information_Circular_on_Tax_Treatment_of_Foreign_Exchange_Difference.pdf> accessed 5th September, 2024
55. Companies Income Tax Act, s. 9
56. D Aina, ‘CAC says content creators must register, pay taxes’ < https://punchng.com/cac-says-content-creators-must-register-pay-taxes/#google_vignette> accessed 5th September, 2024
57. *Ibid*
58. *Ibid*
59. *Ibid*
60. U V Obi, ‘Taxation of the Digital Economy: evaluating the Nigerian and global approach’ <https://www.lexology.com/library/detail.aspx?g=be893d7d-a941-40bb-9a6d-bc9ff0a4df36> accessed 5th September 2024
61. *Ibid*
62. Kess De Beokdar, New rules Dutch Media Act for online content creators https://www.keesdeboekhouder.nl/en/new-rules-dutch-media-act-for-online-content-creators/ accessed 5th September, 2024
63. *Ibid.*
64. *Ibid.*
65. *Ibid.*
66. P B Gaunner, ‘Netherlands Becomes First EU Country Tax Influencers’ https://www.linkedin.com/pulse/netherlands-becomes-first-eu-country-tax-influencers-hey-honey/ Accessed 5th September, 2024.
67. *Ibid*
68. *Ibid*
69. Kess De Beokdar, New rules Dutch Media Act for online content creators https://www.keesdeboekhouder.nl/en/new-rules-dutch-media-act-for-online-content-creators/ accessed 5th September, 2024
70. *Ibid*
71. *Ibid*
72. P B Gaunner, ‘Netherlands Becomes First EU Country Tax Influencers’ https://www.linkedin.com/pulse/netherlands-becomes-first-eu-country-tax-influencers-hey-honey/ Accessed 5th September, 2024
73. *Ibid*
74. P B Gaunner, ‘Netherlands Becomes First EU Country Tax Influencers’ https://www.linkedin.com/pulse/netherlands-becomes-first-eu-country-tax-influencers-hey-honey/ Accessed 5th September, 2024