



HM Revenue
& Customs

Policy paper

Domestic reporting of UK resident cryptoasset users under the Cryptoasset Reporting Framework

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This publication is available at <https://www.gov.uk/government/publications/cryptoasset-reporting-framework-reporting-of-uk-resident-cryptoasset-users/domestic-reporting-of-uk-resident-cryptoasset-users-under-the-cryptoasset-reporting-framework>

Who is likely to be affected

Reporting cryptoasset service providers (RCASPs).

General description of the measure

The Cryptoasset Reporting Framework (CARF) enables cross-border information exchanges between tax authorities on the transactions of users of cryptoassets. Cryptoassets are a rapidly expanding and globally developing area. Tax authorities need to have comprehensive information on cryptoassets. The UK is implementing the CARF for first international data exchanges in 2027. The CARF requires UK RCASPs to collect tax relevant information and undertake due diligence in relation to their users on an annual basis. The CARF rules and commentary (as developed at the Organisation for Economic Co-operation and Development (OECD) and incorporated into UK law) do not currently oblige UK RCASPs to collect information on cryptoasset activity undertaken by UK resident customers. This measure will require UK RCASPs to also collect information concerning UK resident customers. This means HMRC will have CARF data on all UK taxpayers using a UK based RCASP together with information concerning UK taxpayers from overseas RCASPs through the exchange of information.

Policy objective

The CARF was implemented to support the successful Common Reporting Standard (CRS) which allows tax authorities to exchange information about financial accounts. The use of cryptoassets had the potential to erode the success of the CRS, as the CRS does not require the reporting of cryptoasset transactions. By implementing the CARF, participating jurisdictions aim to increase data transparency and support tax compliance internationally.

This measure ensures that HMRC will have CARF data on all UK taxpayers using both UK based and non-UK based RCASPs. HMRC will receive this standardised, structured data which is required on an annual basis. HMRC could use existing information powers to request information regarding UK tax residents. However, this measure aims to streamline reporting obligations for RCASPs who will be reporting through the CARF and provide HMRC with tax relevant data to further compliance activities. This data will be used to tackle tax evasion, avoidance and help UK taxpayers to meet their tax obligations.

Background to the measure

Following international consultation in 2022, on 8 June 2023 the OECD issued a publication entitled 'International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 update to the Common Reporting Standard'. The UK was involved throughout the discussion and agreement of these model rules at the OECD. A consultation on UK implementation of the CARF was concluded on 29 May 2024. In this consultation the government proposed the option of including UK residents who were customers of UK RCASPs as part of the data collected under the CARF.

This proposal was positively received, and the government announced this additional reporting of UK resident customers in the Autumn Budget 2024. Secondary legislation was introduced on 25 June 2025, and these regulations will come into force on 1 January 2026.

Detailed proposal

Operative date

The measure will have effect on and after the date of Royal Assent to Finance Bill 2025-26.

Current law

The current law is included in The Reporting Cryptoasset Service Providers (Due Diligence and Reporting Requirements) Regulations 2025 (SI 2025/744).

Proposed revisions

Primary legislation will be included in Finance Bill 2025-26 to amend the duty under regulation 6 of ‘The Reporting Cryptoasset Service Providers (Due Diligence and Reporting Requirements) Regulations 2025 (S.I. 2025/744)’ to also include cryptoasset users who are resident in the UK or have controlling persons who are resident in the UK.

The legislation also provides a power for HM Treasury to maintain this legislation.

Summary of impacts

Exchequer impact (£ million)

2025 to 2026	2026 to 2027	2027 to 2028	2028 to 2029	2029 to 2030	2030 to 2031
—	negligible	negligible	negligible	negligible	negligible

This measure is expected to have negligible impact on the Exchequer.

Macroeconomic impact

This measure is not expected to have any significant macroeconomic impacts.

Impact on individuals, households and families

This measure will have an impact on individuals who run a cryptoasset service provider business by requiring them to report information on UK resident cryptoasset users. At present we are not aware of any cryptoasset businesses that operate through individuals.

This measure requires reporting of transactions of individual cryptoasset users. This reporting requirement is for the RCASPs and not the individual cryptoasset user.

The measure is not expected to impact on family formation, stability, or breakdown.

This measure is expected overall to have no impact on individuals' experience of dealing with HMRC as the measure doesn't change tax obligations.

Equalities impacts

An individual may be affected by this measure regardless of their protected characteristics. If a protected group is overrepresented in this population, then it will be disproportionately impacted. Cryptoasset service providers are mostly corporate businesses and therefore it is not anticipated that there will be disproportionate impacts on those in groups sharing protected characteristics for this population.

For individuals who hold cryptoassets, research commissioned by HMRC has shown that those in younger age groups, particularly 16 to 44, are estimated to be overrepresented in the cryptoasset owner population (76%) compared to the UK adult population (46%). Males are also estimated to be overrepresented in the cryptoasset population (69%), as well as those from an

Asian or Asian British ethnic background (11%), when compared to the UK adult population (51% and 5% respectively).

HMRC does not currently hold data on other protected characteristics of individuals impacted by this measure and so cannot make an assessment of the impacts on those with shared protected characteristics.

Administrative impact on business including civil society organisations

This measure will have a negligible impact on an estimated 50 businesses by requiring them to provide information on transactions for users of cryptoassets based inside the UK.

Businesses will need to familiarise themselves with the change and might need to update software to include transaction data on UK customers. Ongoing costs would include recording more information and providing HMRC with more data. The impact is negligible because they already will have spent the majority of IT costs preparing for the CARF and increasing this information for users of cryptoassets resident in the UK will be a relatively small additional cost to business.

This measure is not expected to disproportionately impact civil society organisation.

This measure is expected overall to have an impact on business experience of dealing with HMRC. This measure includes the requirement to include UK resident customers for reporting under the CARF where previously the reporting was required only for cryptoasset users based outside the UK.

Operational impact (£ million) (HMRC or other)

This measure will have negligible operational impact on HMRC. The IT and implementation costs have already been estimated in the CARF and the extension of reporting of the CARF to UK resident cryptoasset users has already been factored into these costs.

Other impacts

Other impacts have been considered, and none have been identified.

Monitoring and evaluation

Consideration will be given to monitoring this measure through information collected from tax returns and compliance teams and kept under review by reviewing the accuracy of the tax returns and noting improvements in customer compliance.

Further advice

If you have any questions about this change, contact John Sandeman on telephone: 03000 589486 or email: eoι.policy@hmrc.gov.uk.



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