HMRC internal manual

Cryptoassets Manual

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CRYPTO61630 - Decentralised Finance: Lending and staking: Chargeable Gains: Borrowing

Where a person borrows tokens, they are making an acquisition. When a borrower enters into a loan agreement, they are giving a promise to the lender that they will do something: they will transfer a quantity of tokens to the lender in the future. In the High Court case of Chaney v Watkis (58 TC 707), it was found that an obligation to do something was "money's worth" and capable of being expenditure. This means that the value of the borrower's obligation to transfer a quantity of tokens to the lender in the future will be the acquisition cost of the tokens borrowed.

For further guidance about allowable costs see CRYPTO22150 (https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual/crypto22150). For guidance about the pooling of tokens and their associated allowable costs see CRYPTO22200 (https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual/crypto22200).

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