HMRC internal manual

International Exchange of Information Manual

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IEIM8000330 - Preventing duplicative reporting

It is possible that RCASPs may have multiple nexuses and therefore be potentially subject to reporting and due diligence requirements in more than one jurisdiction. The CARF introduces a hierarchy, whereby tax residency is the highest through to a regular place of business or branch. Where more than one nexus applies to aRCASP, duplicative reporting can be avoided by the RCASP completing all due diligence and reporting in one jurisdiction. A RCASP should analyse which is the highest level of hierarchy that applies to it and report for CARF purposes in that jurisdiction only.

The nexus hierarchy is:

· Jurisdiction of tax residence

· Jurisdiction of incorporation or organisation, where the entity has legal personality or the obligation to file taxes

· Jurisdiction of management

· Jurisdiction where it has a regular place of business, this includes a branch.

Example

Crypto King Limited is an entity RCASP that is tax resident in the UK and incorporated in France. Crypto King Limited has two nexuses and is potentially subject to duplicative reporting. The highest nexus is tax residency. Crypto King Limited will be subject to reporting and due diligence in the UK and will complete the reporting and due diligence in the UK for all transactions it effectuates.

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