

Guidance

Check if you need to pay tax when you receive cryptoassets

Find out how Income Tax and National Insurance contributions apply when you receive cryptoassets (like cryptocurrency or bitcoin).

From: **HM Revenue & Customs ([/government/organisations/hm-revenue-customs](https://www.gov.uk/government/organisations/hm-revenue-customs))**

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Any cryptoasset exchange tokens (<https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual/crypto10100>) (also known as cryptocurrency) you receive from employment, or from activities such as mining, staking or lending count as income. This includes any income earned from Decentralised Finance (DeFi).

If you receive tokens as income, you'll need to keep records (<https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual/crypto10400>) and may need to pay:

- Income Tax
- National Insurance contributions

If you purchased the tokens yourself, you do not need to pay tax on the tokens when you buy them, but you may need to pay tax when you sell them (<https://www.gov.uk/guidance/check-if-you-need-to-pay-tax-when-you-sell-cryptoassets>).

If you receive tokens from mining, staking, lending or liquidity pool arrangements

If you receive tokens from mining, staking or lending (including from DeFi) and are not carrying on a trade, HMRC will treat the tokens as other taxable income (<https://www.gov.uk/government/publications/other-taxable-income-hs325-self-assessment-helpsheet>).

You can get up to £1,000 allowance each tax year for trading and miscellaneous income. The income you earn from your cryptoassets will count towards this allowance.

You must tell HMRC if your total miscellaneous income from all sources is:

- between £1,000 and £2,500 — contact HMRC (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/income-tax-enquiries-for-individuals-pensioners-and-employees>)
- over £2,500 — register for Self Assessment (<https://www.gov.uk/register-for-self-assessment>)

If an employer pays you tokens

If you receive cryptoassets as employment income they will count as 'money's worth'. The value of the asset you receive will be subject to Income Tax and National Insurance contributions.

Check if the tokens you're paid are classed as readily convertible assets (<https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual/crypto21100>) (an asset that can be easily exchanged for cash).

Exchange tokens like bitcoin are readily convertible assets.

If your income is a readily convertible asset

UK employers must pay your Income Tax and National Insurance contributions through PAYE before they pay you.

If they pay you in tokens, they'll estimate the value of them, and pay Income Tax and National Insurance contributions based on the estimate. They'll then deduct tax and contributions from other wages you receive in that period.

It is your responsibility to check and make sure the correct tax is paid to HMRC.

If your income is not a readily convertible asset

Ask your employer if they've paid your Income Tax through PAYE. If they have not, you'll need to pay it yourself.

To pay your own Income Tax, complete a Self Assessment tax return (<https://www.gov.uk/self-assessment-tax-returns/sending-return>) in pound sterling.

If you sell the cryptoasset you received at a later date

If you sell the cryptoasset that you've paid Income Tax on at a later date, you should calculate Capital Gains Tax as normal on any increase in the value of the tokens since you received them.

Records you must keep

You must keep separate records (<https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual/crypto10400>) for the tokens you receive, including:

- type of tokens
- date you received them
- number of tokens you received
- number of tokens you have in total
- value in pound sterling
- bank statements

- the details of the disposal — if you dispose of the tokens (<https://www.gov.uk/guidance/check-if-you-need-to-pay-tax-when-you-sell-cryptoassets>)

You may also want to keep other records such as wallet addresses.

HMRC might ask for your records if they carry out a compliance check.

More information

You can read further guidance on how cryptoassets are taxed (<https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual>).

Watch a video about how cryptoassets are taxed for individuals. Cryptoassets and paying tax (<https://youtu.be/PJtKRHGV4iE>)

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