HMRC internal manual

Cryptoassets Manual

From: **HM Revenue & Customs (/government/organisations/hm-revenue-customs)**

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CRYPTO21100 - Cryptoassets for individuals: Income Tax: earnings from employment - readily convertible assets

Cryptoassets received as employment income count as 'money's worth', see EIM00530 (https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim00530), and are subject to Income Tax and National Insurance contributions on the value of the asset.

Cryptoassets provided in the form of Readily Convertible Assets (RCAs)

Cryptoassets are RCAs if trading arrangements exist, or are likely to come into existence, in accordance with section 702 of the Income Tax (Earnings and Pensions) Act 2003.

Exchange tokens like bitcoin can be exchanged on one or more token exchanges in order to obtain an amount of money. On that basis, it is our view that ‘trading arrangements’ exist, or are likely to come into existence at the point cryptoassets are received as employment income.

Where cryptoassets are provided in the form of a readily convertible asset the employer is therefore required to account to HMRC for the tax and National Insurance contributions due on the best estimate of the value of that asset. Guidance on the employer’s obligations start at CRYPTO42050 (https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual/crypto42050).

More information on readily convertible assets can be found in EIM11900 (https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim11900).

Subsequent disposal of tokens

Any disposal of the token received through employment may result in a chargeable gain for Capital Gains Tax.

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