HMRC internal manual

Cryptoassets Manual

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CRYPTO42050 - Cryptoassets for businesses: Income Tax: paying employees in cryptoassets

When providing a notional payment in the form of a readily convertible asset to an employee, the employer will need to establish if that notional payment constitutes a payment of employment income to the employee for both:

- income tax purposes (under Section 62 of the Income Tax (Earnings and Pensions) Act 2003)
- National Insurance contribution purposes (under Section 3 of the Social Security Contributions & Benefits Act 1992)

There is more information about this in EIM11956.

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

More information about what counts as earnings for tax purposes is in EIM00520 (https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim00520).

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