HMRC internal manual

Cryptoassets Manual

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CRYPTO42250 - Cryptoassets for businesses: Income Tax: exchange tokens which are not readily convertible assets

If the exchange token is not a readily convertible asset, the employer does not have to apply PAYE Income Tax and Class 1 National Insurance contribution deductions.

However, the employee must declare any amount received in the form of exchange tokens on the employment pages of their Self Assessment tax return and then pay HMRC (via Self Assessment) any Income Tax liability arising on that income.

For National Insurance contributions purposes, if the exchange token is not a readily convertible asset, the employer should treat the payment as being a benefit in kind and pay and report any Class 1A National Insurance contributions arising to HMRC. More information about Class 1A National Insurance contributions is in NIM13000 (https://www.gov.uk/hmrc-internal-manuals/national-insurance-manual/nim13000).

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