HMRC internal manual

International Exchange of Information Manual

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IEIM8000310 - Introduction

Reporting CryptoassetService Providers (RCASPs) are required to identify the jurisdiction within which they are subject to reporting and due diligence requirements. The CARF introduces nexus rules for entities and individuals, which set out where the RCASP is required to report and complete due diligence requirements.

When deciding whether a RCASP is within scope of the UK rules and hence a UK Reporting Cryptoasset Service Provider, RCASPs should refer to Section I of the Rules. These can be found International Standards for Automatic Exchange of Information in Tax Matters (https://www.oecd.org/en/publications/international-standards-for-automatic-exchange-of-information-in-tax-matters_896d79d1-en/full-report.html).

Where an RCASP has a nexus in more than one jurisdiction, the CARF introduces a cascading hierarchy among the nexus rules. This meansthe RCASP will report where it has the highest link in the hierarchy to a jurisdiction. Section I (A) of the Rules sets out the nexus rules for entity and individual RCASPs.

RCASPs which operate through a branch in the UK are also within the Rules. A 'branch' is defined in the CARF as a unit, business or office of a RCASP that is treated as a branch under the regulatory regime of a jurisdiction or that is otherwise regulated under the laws of a jurisdiction as separate from other offices, units or branches of the RCASP. Section I (B) states that where relevant transactions are effectuated through a branch, the UK branch is subject to the reporting and due diligence requirements.

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