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# International Exchange of Information Manual

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## IEIM8000320 - The nexus rules

The CARF at Section I (A) sets out the nexus rules and provides a commentary in chapter 3 to support the rules. The nexus rules outline 4 ways in which a RCASP can have a link to a jurisdiction. The 4 nexuses are:

**Section I A(1) – tax resident in a jurisdiction**

Where a RCASP is an entity or individual and is resident for tax purposes in the UK, they will be subject to the reporting and due diligence requirements in the UK. This means that the RCASP mustprovide the required information to HMRC. Guidance on company residence can be found Company residence: contents (https://www.gov.uk/hmrc-internal-manuals/international-manual/intm120000). Guidance on individual residence can be found UK tax residence guidance (https://www.gov.uk/government/collections/uk-tax-residence-guidance).

### Section 1 A(2) - incorporation or legal personality in the UK

Where a RCASP is not UK tax resident, but an entity that is incorporated or organised under the laws of the UK, or it has a legal personality in the UK it will be required to undertake reporting and due diligence in the UK (subject to duplicative reporting rules IEIM 8000330 - Preventing duplicative reporting (https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information/ieim8000330)).

### Section I A (3) - controlled in the UK

Where a RCASP is not tax resident, or incorporated in the UK, it will be subject to the reporting and due diligence requirements if it is centrally managed and controlled in the UK (subject to duplicative reporting rules IEIM 8000330 - Preventing duplicative reporting (https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information/ieim8000330)). Guidance on what constitutes management and control can be found Company residence: how to review residence (https://www.gov.uk/hmrc-internal-manuals/international-manual/intm120180).

### Section I A (4) - regular place of business

Where an entity that has a regular place of business in the UK, including a branch. A branch for CARF is defined 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 (subject to duplicative reporting rules IEIM 8000330 - Preventing duplicative reporting (https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information/ieim8000330)).

### Example

Crypto Staking Limited is an RCASP which is tax resident in the UK. This is the only nexus criterion that applies to it. Crypto Skating Limited will be subject to reporting and due diligence requirements in UK.

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