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International Exchange of Information Manual

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IEIM8000610 - Introduction

The penalty regime for the CARF is set out in Part 3, “Penalties for breach of obligations”, of the Reporting Cryptoasset Service Providers (Due Diligence and Reporting Requirements) Regulations 2025 (https://www.legislation.gov.uk/uksi/2025/744/made#:~:text=Regulation%2010%20requires%20a%20UK,the%20obligations%20set%20out%20above.) (the Regulations). Where an RCASP or a cryptoasset user, fails to meet their obligations under the Regulations, they may be subject to a penalty. Part 3 also sets out the reasonable excuse rules and the appeal procedures.

Before charging a penalty, whether it is an initial penalty or a daily penalty, HMRC will discuss the failure with the RCASP or self-certificate provider, to understand the reasons for the failure and if there is a reasonable excuse for the failure. When deciding on the level of the penalty, HMRC will take into account all relevant factors including the behaviour of the RCASP or self-certificate provider.

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