

# LOW CRYPTO DISCLOSURES TO HMRC SUGGEST POOR COMPLIANCE FIND OUT MORE HERE

Despite running for over two years, HMRC's cryptoasset disclosure service has only generated just over £4 million in disclosures. An indication, perhaps, of the low level of awareness and compliance surrounding cryptoassets.

Most crypto gains are subject to capital gains tax (CGT), and HMRC suspects many cryptoasset investors have failed to report their gains when cryptoassets are sold or gifted:

- It might well be the case that people think crypto transactions are tax free, especially if it is simply the case of exchanging one type of cryptoasset for another.
- There is also a disposal if cryptoassets are used to pay for goods or services; easy to do when cryptoassets are added on to one of the specialised Visa cards, which can be used to spend anywhere in the world.

For example, an investor buys into a new cryptoasset using some of their Bitcoin. The new cryptoasset increases in value, so the investor converts back to Bitcoin. Both transactions are disposals, so CGT is due on gains in excess of the £3,000 exemption.

## COMPLIANCE

HMRC has sent out over 100,000 letters prompting investors to disclose their cryptoasset tax liabilities. However, it has, until recently, been quite easy for investors to avoid scrutiny by using international cryptoasset service providers, which were not required to share any information with HMRC.

New reporting requirements came into force on 1 January 2026. These apply when a crypto investor buys, sells, transfers or exchanges cryptoassets, although several countries that host providers have not yet signed up to the reporting requirements. Likewise, using a decentralised exchange might circumvent the new reporting rules.

Cryptoassets also pose a problem for inheritance tax (IHT). The assets form part of a deceased's estate, but access may not be possible when security involves private keys and passwords.

HMRC's detailed guidance on the new cryptoasset reporting requirements can be found [here](#).

## WE CAN HELP

For more information on any issues raised in this article, call us on **01753 888 211** or email [info@nhllp.com](mailto:info@nhllp.com), we are here to help.