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HMRC Introduces New Cryptocurrency Tax Rules for 2026

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From January 2026, HM Revenue and Customs (HMRC) will roll out stringent new reporting requirements for cryptocurrency holders, aimed at cracking down on tax evasion. Owners of digital assets like Bitcoin, Ethereum, or Dogecoin don't need to manually submit data to providers. Providers are legally required to collect and report user data to HMRC under the Crypto—Asset Reporting Framework (CARF).

While users may face penalties for deliberately hiding income, the automatic £300 fine applies to platforms that fail to report accurately. Individual penalties are determined on a case-by-case basis under broader tax compliance laws.

The initiative dubbed the Cryptoasset Reporting Framework, is part of HMRC's broader campaign to tackle non-compliance, particularly among those deliberately concealing profits. The agency estimates these measures could generate £315 million in additional tax revenue by April 2030. Penalties can increase for repeat offences or deliberate evasion. The actual cap is not fixed and can be higher under HMRC enforcement powers.

Tax liabilities may arise from various crypto activities. Capital gains tax could apply when selling or exchanging assets, while income tax and National Insurance contributions may be due on crypto earned through employment, mining, staking, or lending. HMRC advises individuals unsure of their obligations to consult GOV.UK for guidance, or use the cryptoasset disclosure service to report unpaid taxes.

The move has sparked debate. While some view it as a necessary step to ensure tax fairness, others see it as another layer of bureaucracy from a Labour government already under scrutiny for its tax policies. Critics argue the rules could disproportionately burden small-scale investors while doing little to curb sophisticated tax evasion.

HMRC insists the framework will close loopholes and ensure everyone pays their share. However, with public trust in government spending decisions waning, questions remain about how effectively this revenue will be used.

Crypto holders are encouraged to act early, gathering the necessary details to comply with the 2026 requirements. With HMRC's focus sharpening, the days of anonymity in the crypto world are numbered.