Crypto Taxes in the UK Are Changing How You Handle Your Digital Wealth

June 27, 2025
— Categories: Crypto

In the UK, cryptocurrencies such as Bitcoin and Ethereum are classified by HMRC as assets rather than currency. This distinction carries important tax implications: every time you sell, exchange, or use your crypto whether converting it to pounds, swapping one coin for another, or spending it on goods or services you may incur Capital Gains Tax (CGT).

It is also important to note that gifting cryptocurrency to anyone other than your spouse or civil partner is considered a taxable event. To comply with HMRC requirements, investors must maintain detailed records of each transaction, including the date, value in pounds at the time of the transaction, original purchase price, and any associated fees.

For the 2025/26 tax year, the annual CGT allowance stands at £3,000. Gains exceeding this threshold must be reported and taxed accordingly. Furthermore, any cryptocurrency received as income whether through mining, staking rewards, or payments for services is subject to Income Tax and National Insurance based on the value at receipt. Subsequent disposals of these assets may also generate additional CGT liabilities.

Starting January 2026, UK crypto exchanges and wallet providers will be required to report user transaction data directly to HMRC under the new Cryptoasset Reporting Framework. This development will enhance transparency and significantly reduce opportunities for tax avoidance within the crypto sector.

Given the increasing regulatory scrutiny, it is essential for all UK crypto holders to understand their tax obligations fully. Maintaining accurate records and seeking professional advice where necessary will ensure compliance and help avoid potential penalties. As the crypto landscape evolves, adherence to tax rules is no longer optional but a critical component of responsible investing.