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UK Treasury to Impose £300 Fines on Crypto Tax Evaders from January 2026

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The UK Treasury has announced a robust crackdown on cryptocurrency tax evasion, set to introduce £300 fines for individuals who fail to provide personal details to crypto service providers starting January 2026. This move, part of the new Crypto Asset Reporting Framework (CARF), is expected to bolster government coffers by £315 million by April 2030, targeting holders of digital currencies such as Bitcoin, Ethereum, and Dogecoin.

Under the new rules, crypto investors must share their tax reference numbers with platforms to avoid penalties. The initiative aims to close loopholes that have allowed tax dodgers to operate unchecked, ensuring, as Exchequer Secretary James Murray put it in a recent interview with the *Daily Mail*, that "tax dodgers have nowhere to hide." The Treasury claims this will secure funding for critical public services like healthcare and policing, though the Labour government's broader fiscal priorities remain contentious among critics who question its spending efficiency.

Crypto service providers will shoulder significant responsibility under CARF, tasked with collecting and verifying customer tax information before processing transactions. Failure to comply, whether by not obtaining accurate tax reference numbers or neglecting to supply transaction records to HM Revenue and Customs, will result in undisclosed financial penalties for platforms. This dual-layer enforcement holds both users and providers accountable, covering not only trading but also staking rewards, DeFi yield farming, and NFT transactions.

Non-compliant individuals will face £300 fines per instance, and providers face penalties too. Murray described as ensuring "everyone pays their fair share." However, the added burden on platforms to overhaul onboarding and data management systems could drive up operational costs, potentially passed on to users in the form of higher fees. For investors, this means navigating a more complex and costly landscape to remain compliant.

The UK's approach aligns with a broader international effort to tighten cryptocurrency tax enforcement. The European Union's DAC8 directive, effective in 2026, mandates crypto platforms across member states to share transaction data with tax authorities, creating a robust information-sharing network. In Denmark, reports highlight the scale of non-compliance, with over 90% of crypto traders failing to report their gains, despite mandatory exchange reporting requirements since 2019. Norway, similarly, estimates 88% of its crypto traders omitted gains in 2023, while Denmark is now exploring a 42% tax on unrealised crypto profits, a move some argue risks stifling innovation.

As the UK doubles down on enforcement, it risks pushing crypto capital to more lenient jurisdictions. For now, the Treasury's focus is clear: clamp down on evasion and secure revenue, regardless of the Labour government's broader economic challenges.