



PEARSON MAY

CHARTERED ACCOUNTANTS & CHARTERED TAX ADVISERS

Originated 1841

August 2025

HAVE YOU DECLARED GAINS MADE ON CRYPTOASSETS?

One area that is often misunderstood is the tax implications of investing in cryptoassets. If you think this may apply to you then it is important that you tell HMRC before they contact you.

What are cryptoassets and when might a tax charge arise on them?

Cryptoassets (also referred to as 'tokens' or 'cryptocurrency', with one example being Bitcoin) are cryptographically secured digital representations of value or contractual rights that can be transferred, stored and traded electronically.

HMRC generally seeks to treat investing in cryptoassets as a non-trading activity giving rise to a chargeable gain on disposal, chargeable to capital gains tax on an individual. The gains are calculated in the same way as a gain on shares, with tokens of the same type being pooled together.

A taxable disposal of a cryptoasset generally takes place when it is:

- sold
- exchanged as a form of payment for good or services
- exchanged for tokens in a different type of cryptoasset
- gifted (subject to usual inter-spousal exemptions)
- donated to charity and the donation is tainted
- disposed of to charity resulting in a gain arising on the disposer

This means that taxable gains on cryptoassets can often arise without disposal proceeds being realised from which tax liabilities can be paid. Such so-called "dry" tax charges can cause financial difficulties so individuals should bear this in mind before undertaking any such transactions.

What should I do if I haven't declared income or gains on cryptoassets to HMRC?

If you need to report income or gains on cryptoassets that relate to the 2024/25 tax year then these should be included on your Tax Return for that year, which will usually be due for submission by 31 January 2026 (which is also the date by which any tax in relation to such income or gains should be paid).

For any income or gains relating to the previous tax year ended 5 April 2024, there is still time to amend a previously submitted Tax Return for that year and you should be able to do this up to 31 January 2026 (although penalties and interest may still be payable).

For any income or gains on cryptoassets relating to earlier tax years, voluntary disclosures should be made to HMRC as soon as possible, to report such historical tax liabilities and to mitigate interest and penalties thereon. If you believe you might have undeclared income or gains in connection with cryptoassets and don't make a voluntary disclosure before HMRC write to you, you could suffer penalties of up to 100% of the unpaid tax or even face criminal prosecution. Even higher penalties potentially apply to matters involving offshore income or gains.

Please do not hesitate to contact us if you are concerned that you may have overlooked income or gains arising from these assets, and need to bring your tax affairs up to date.

The above is for general guidance only and no action should be taken without obtaining specific advice.

Bath

37 Great Pulteney Street
Bath
BA2 4DA
+44 (0) 1225 460491

Chippenham

67 & 68 St Mary Street
Chippenham, Wiltshire
SN15 3JF
+44 (0) 1249 444666

Trowbridge

5 Wicker Hill
Trowbridge, Wiltshire
BA14 8JS
+44 (0) 1225 764441

Regulated for a range of investment business activities and licensed to carry out the reserved legal activity of non-contentious probate in England and Wales by the Institute of Chartered Accountants in England & Wales. Registered with The Chartered Institute of Taxation as a firm of Chartered Tax Advisers.

