Crypto assets working group

General Features

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The CIOT and ATT join the crypto arena with a joint crypto assets working group.

In the light of the growing popularity of crypto assets, the CIOT, including the Low Incomes Tax Reform Group (LITRG), and ATT have recently formed a joint working group to address the tax implications concerning this new and developing form of asset. According to recent research (tinyurl.com/ejtxk3bd), 10% of UK adults said they hold or have held a crypto asset, but there was a limited understanding of their tax treatment. Gary Ashford (CIOT's Deputy President) was appointed as Chair of the working group, with Hayley Perkin (ATT Council member) as Vice-Chair.

The remit of the crypto assets working group covers all aspects of the taxation of crypto assets, including (but not limited to) working to ensure that existing legal regimes and guidance are adequate, promoting a greater understanding of the taxation of crypto assets, and working collaboratively with HMRC and other stakeholders to encourage tax compliance.

There have been several recent consultations from the government concerning crypto assets. The first concerned expanding the Investment Transactions List for the Investment Management Exemption and other fund tax regimes. The CIOT used this as an opportunity to call for a single, universal definition of crypto assets for tax purposes, to ensure that this is made clear (see our response here www.tax.org.uk/ref960). A more recent call for evidence (tinyurl.com/25nfy9jk), to which we will reply, concerns decentralised finance, and the lending and staking of crypto assets.

The first meeting of the working group took place in early July. Discussions revolved around those topics forming the remit of the working group: the practicalities surrounding compliance and crypto assets; the concern that not all software is capable of recording the (sometimes thousands of) daily transactions; and whether this software could be construed as giving tax advice (and if that advice is even

correct). There were suggestions about whether HMRC could sanction specialist crypto software and/or a calculator to assist, in particular, those taxpayers who are unrepresented. Concern has been expressed by the working group, and others within CIOT, about the accuracy of HMRC's guidance, in particular surrounding the situs of crypto assets and the resulting confusion this may cause. Many members of the working group are also members of the HMRC crypto assets roundtable, to which these concerns and others raised and discussed at our working group can be taken and, hopefully, resolved.

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