

KPMG AEOI Updates & Tracking Service FATCA/CRS Alert

| | |
|-----------------------|------------------|
| Date: | 11 December 2023 |
| Alert Type: | Document |
| Country: | United Kingdom |
| Regime: | FATCA/CRS |
| Document Type: | Other Guidance |

United Kingdom: Issued Guidance on Voluntary Disclosure of Unpaid Tax on Cryptoassets

On 29 November 2023, His Majesty's Revenue and Customs ("HMRC") of the United Kingdom issued guidance regarding voluntary disclosure of unpaid tax on income or gains from cryptoassets. The requirements are as follows:

- Disclosure is only required if there are unpaid taxes on cryptoassets such as exchange tokens (bitcoin), NFTs (non-fungible tokens) or utility tokens. Failure to contact the HMRC regarding unpaid taxes may result in additional interest and penalties.
- To submit a report, individuals should have a Government Gateway user ID and password. In case there is no user ID, one can be created during the first sign in. Additionally, before making a voluntary disclosure you should, gather details about taxable cryptoassets, determine the tax declaration period, calculate owed Capital Gains Tax and Income Tax, assess any owed interest, and identify potential penalties.
- Before commencing, individuals must collect all essential information such as personal details (name, address, email and contact number), national Insurance number, transaction count of cryptoasset, undisclosed proceeds or income (pre-expenses), acquisition costs, profits, cryptoasset exchange details, disposed cryptoassets count, and calculated tax and interest owed. Considering the complexity of dealing with cryptoassets, HMRC advises individuals to appoint a representative or use a cryptoasset commercial calculator for assistance. Details on how to appoint a representative are provided [here](#).
- The disclosure period is determined by the reason for not previously reporting or paying the correct tax amount. If the omission occurred despite taking reasonable care, individuals will be liable to pay for the past 4 years. In the absence of reasonable care, they need to pay for maximum of 6 years. If

United Kingdom Contacts:



Peter Grant
Partner
Peter.Grant@KPMG.co.uk



Rohini Sanghani
Director
rohini.sanghani@KPMG.co.uk

the individual deliberately misled HMRC, the maximum period will be considered as 20 years. Individuals should accurately report current and future tax affairs, fill in a disclosure form, and pay what is owed within the specified periods.

- The guidance further notes that for Capital Gains Tax and Income Tax calculations, individuals should determine gains after considering their personal allowance. Additionally, they need to calculate interest and penalties using the penalties and interest calculator, [here](#), ensuring fair application and providing explanations if necessary. Failure to include correct interest may lead to rejection of the disclosure. While reviewing the disclosure, HMRC will assess the fairness of applied penalties and may initiate additional checks if deemed necessary.
- Individuals will receive a payment reference number upon disclosure submission, and they should make the payment for any calculated unpaid tax within 30 days. After HMRC checks the disclosure, they will inform the individual whether it has been accepted or not. If incorrect information is found to be provided intentionally, higher penalties may apply, and additional information might be requested during the check process.



Jeanette Cook
Senior Manager
jeanette.cook@KPMG.co.uk

Reference: [Guidance on Disclosure of Unpaid Tax on Cryptoassets](#)

For information on KPMG's global AEOI network professionals, please email [GO-FM AEOI Program Support](#).

For more information on KPMG AEOI Updates & Tracking Service, please see [here](#).

For additional summaries of the latest AEOI developments, please visit KPMG's TaxNewsFlash-FATCA/IGA/CRS Insights page, [here](#).

Contact us

Cyrus Daftary

Principal

+1 212 954 6096

cdaftary@kpmg.com

Laurie Hatten-Boyd

Principal

+1 206 213 4001

lhattenboyd@kpmg.com

www.kpmg.com

kpmg.com/socialmedia



© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP144698-1A

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

In preparing this information, we consulted tax authorities' official releases that are subject to change, retroactively, prospectively, or both, and any such changes could affect the information stated herein. The advice or other information in this document was prepared for the sole benefit of KPMG's client and may not be relied upon by any other person or organization. KPMG accepts no responsibility or liability in respect of this document to any person or organization other than KPMG's client. The following information is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.