



KPMG AEOI Updates & Tracking Service CARF Alert



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United Kingdom: Issued Guidance on CARF Obligations for UK Based RCASPs

On 14 May 2025, His Majesty's Revenue and Customs (HMRC) issued guidance for UK-based Reporting Crypto-asset Service Providers (RCASPs) concerning their obligations under the Crypto-asset Reporting Framework (CARF). Starting 01 January 2026, UK-based RCASPs will be required to collect and report detailed information on users and crypto-asset transactions to HMRC.

Details of the guidance are outlined below:

— Who qualifies as an RCASP?

RCASPs include any individual or entity such as crypto-asset exchangers, brokers, and dealers that transact crypto-assets on behalf of their users or provides a platform for those users to conduct such transactions.

— Definition of Crypto-asset:

The guidance defines crypto-asset as digital representation of value that uses a cryptographically secured distributed ledger or similar technology to validate and secure transactions. Crypto-assets are reportable under CARF if they are used for payment or investment purposes and (in the case of Specified Electronic Money Products (SEMPs) and Central Bank Digital Currencies (CBDCs)) are not required to be reported under the Common Reporting Standard (CRS).

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— Criteria for UK-Based Status:

An RCASP is considered UK-based under CARF if it meets any of the following criteria:

- Tax resident of the UK;
- Incorporated in the UK;
- Managed in the UK; or
- Maintains a regular place of business or branch in the UK.

If an RCASP qualifies as UK-based and also meets similar criteria in another country that follows CARF rules, it should only report in the country that is highest in the hierarchy. However, if both countries are at the same level on the hierarchy, the RCASP can choose either country for reporting.

— Required Information Collection:

Beginning 01 January 2026, RCASPs must collect detailed information about their users and transactions. However, RCASPs are advised to start earlier to prepare for the new regulations and ensure compliance with CARF.

RCASPs should also verify the accuracy of the information through proper due diligence processes (due diligence guidance yet to be released by HMRC). The required information includes:

For individual users:

- Name, date of birth, home address, and country of residence.
- National Insurance number or Unique Taxpayer Reference for UK residents.
- Tax Identification Number (TIN) and the country of issuance for non-UK residents. This can be omitted if the user's country does not issue TINs.

For entity users such as companies, partnerships, trusts, and charities:

- Legal business name and main business address.
- Company registration number for UK companies.
- TIN and the country of issuance for non-UK companies.
- Information about controlling persons may be required for certain entities.

For transactions:

- Value, type of crypto-asset, type of transaction, and number of units involved in each transaction.

— **Reporting Obligations:**

RCASPs are required to register with HMRC's upcoming online service by 31 January 2027 and must notify users that their information will be reported to HMRC. The first report, covering the period from 01 January 2026 to 31 December 2026, must be submitted by 31 May 2027, with subsequent reports required annually by 31 May for the previous calendar year.

Although RCASPs must collect information for all users, they are only required to report on those who are tax residents of the UK or other country that is signed up for CARF rules. Reports must be submitted using the OECD XML schema (guidance on the OECD XML schema can be found [here](#)). If there is no information to report in a reporting year, a NIL report is not required to be submitted.

— **Penalty for Noncompliance:**

Failure to comply with CARF regulations may result in a penalty of up to £300 per user. Penalties can be imposed in the following situations:

- Failure to submit a report.
- Late submission of a report.
- Submission of inaccurate, incomplete, or unverified reports.

Reference: [Guidance on CARF](#), [Guidance on collecting data](#), and [Guidance on Reporting to HMRC](#)

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