

1 Eligible stablecoins: no chargeable gains for persons other than companies

- (1) TCGA 1992 is amended as follows.
- (2) In section 104 (share pooling: general interpretative provisions), after subsection (4A) insert—
 - “(4B) For the purposes of this Chapter, securities which are held by a person (other than a company) and to the disposal of which section 269A(1) would apply, are to be treated as of a different class from any securities—
 - (a) that would otherwise fall to be treated as of the same class, and
 - (b) to the disposal of which section 269A(1) would not apply.”
- (3) In section 106A (identification of securities: capital gains tax), after subsection (5ZA) insert—
 - “(5ZB) Subsection (5) does not apply if, by virtue of section 104(4B) (eligible and non-eligible stablecoins to be treated as different classes), the class of the securities disposed of would be different if it did apply (see section 269A(5) (eligibility of stablecoins determined by acquisition day)).”
- (4) After section 269 insert—

“269A Eligible stablecoins

- (1) A gain is not a chargeable gain if it accrues on the disposal by a person other than a company of—
 - (a) a cryptoasset that was an eligible stablecoin at any time on the relevant day, or
 - (b) an interest in a cryptoasset that was an eligible stablecoin at any time on the relevant day.
- (2) A cryptoasset is an “eligible stablecoin” if it is reasonable to assume that—
 - (a) a sufficient amount of any currency or other assets are held for the purposes of it maintaining a stable value in relation to sterling or another currency, and
 - (b) it is designed to be used as a means of payment or settlement.
- (3) But a cryptoasset is not an eligible stablecoin unless cryptoassets of its type are widely available.
- (4) Cryptoassets of a particular type are widely available if—
 - (a) they are made available to a substantial number of persons who are not connected and are acting independently, and
 - (b) it is reasonable to assume that they are or will be traded with sufficient frequency and volume to constitute an active market.
- (5) For the purposes of this section the “relevant day”, in relation to the disposal of an asset by a person, means—
 - (a) the day on which the person acquired the asset, or

- (b) where the person acquired the asset on a disposal by a person to which section 58 applies, the relevant day in relation to that disposal.
- (6) But where the relevant day would otherwise be before 6 April 2027, the relevant day is 6 April 2027.
- (7) For the purposes of subsection (2), other assets do not include cryptoassets of the same type as the cryptoasset itself.
- (8) In this section—
 - (a) “cryptoasset” has the same meaning as in Part 4A,
 - (b) a cryptoasset is of the same type as another cryptoasset if those cryptoassets are of a nature to be dealt in without identifying the particular cryptoasset involved (and references to a particular type of cryptoasset are to be construed accordingly).

269B Identification of eligible stablecoins where section 269A applies

- (1) This section applies where, by virtue of section 104, a person is treated as holding—
 - (a) a single asset comprising securities to the disposal of which section 269A(1) would apply (the “exempt section 104 holding”), and
 - (b) another single asset comprising securities which, but for section 104(4B), would be regarded as part of the same asset (the “non-exempt section 104 holding”).
- (2) If the person disposes of some, but not all, of the securities forming those holdings, the securities disposed of are to be identified with—
 - (a) so far as their quantity does not exceed that of the securities forming the non-exempt section 104 holding, securities forming part of that holding, and
 - (b) to the extent their quantity does exceed that amount, securities forming part of the exempt section 104 holding.
- (3) Subsection (2) applies notwithstanding that some or all of the securities disposed of are otherwise identified—
 - (a) by the disposal, or
 - (b) by a transfer or delivery giving effect to it.
- (4) In this section “securities” has the same meaning as in section 104.”
- (5) The amendments made by this section have effect in relation to disposals made on or after 6 April 2027.
- (6) Subsection (7) applies where a person holds an asset immediately before 6 April 2027 to the disposal of which section 269A(1) of TCGA 1992 would apply on or after that date.
- (7) The person is treated for the purposes of TCGA 1992 as having—
 - (a) disposed of the asset immediately before 6 April 2027, and

(b) immediately reacquired it,
at its market value at that time.

- (8) Any gain or loss accruing on the disposal under subsection (7) is to be treated as accruing on 6 April 2027.

2 Qualifying stablecoin returns

- (1) After section 380A of ITTOIA 2005 insert—

“380B Qualifying stablecoin returns

- (1) This section applies where a qualifying stablecoin return arises to a person under—
- (a) a cryptoasset debt, or
 - (b) single cryptoasset lending arrangements in which the person holds an interest.
- (2) The return is treated as interest for the purposes of this Act.
- (3) A cryptoasset debt, in relation to a person, means an arrangement under which the person is owed cryptoassets.
- (4) A return arising to a person under a cryptoasset debt is “a qualifying stablecoin return” if—
- (a) it is reasonable to assume that it is a return by reference to the time value of the cryptoassets, and
 - (b) at the time the return accrues to the person, the cryptoassets are eligible stablecoins within the meaning of section 269A of TCGA 1992.
- (5) A return arising to a person under single cryptoasset lending arrangements is a “qualifying stablecoin return” if, at the time the return accrues to the person, the invested cryptoassets are eligible stablecoins within the meaning of that section.
- (6) In this section—
- (a) “cryptoasset”, “invested cryptoassets” and “single cryptoasset lending arrangements” have the same meaning as in section 151YB of TCGA 1992;
 - (b) “a return”, in relation to single cryptoasset lending arrangements, means the return described in subsection (2)(b)(ii) of that section.”
- (2) The amendment made by subsection (1) has effect in relation to returns arising on or after 6 April 2027.

3 Transactions involving eligible stablecoins treated as loan relationships etc.

- (1) Part 6 of CTA 2009 (relationships treated as loan relationships) is amended as follows.

- (2) In section 477 (overview of part), in subsection (2), after paragraph (f) insert—
“(fa) Chapter 6B (eligible stablecoins),”.
- (3) After Chapter 6A insert—

“CHAPTER 6B

ELIGIBLE STABLECOINS

521G Introduction to Chapter

- (1) This Chapter provides for Part 5 to apply in relation to transactions involving cryptoassets that are eligible stablecoins.
- (2) “Cryptoasset” means a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions.
- (3) A cryptoasset is an “eligible stablecoin” if it is reasonable to assume that—
 - (a) a sufficient amount of any currency or other assets are held for the purposes of it maintaining a stable value in relation to sterling or another currency, and
 - (c) it is designed to be used as a means of payment or settlement.
- (4) But a cryptoasset is not an eligible stablecoin unless cryptoassets of its type are widely available.
- (5) Cryptoassets of a particular type are widely available if—
 - (a) they are made available to a substantial number of persons who are not connected and are acting independently, and
 - (b) it is reasonable to assume that they are or will be traded with sufficient frequency and volume to constitute an active market.
- (6) For the purposes of subsection (3), other assets do not include cryptoassets of the same type as the cryptoasset itself.
- (7) A cryptoasset is of the same type as another cryptoasset if those cryptoassets are of a nature to be dealt in without identifying the particular cryptoasset involved (and references to a particular type of cryptoasset are to be construed accordingly).

521H Eligible stablecoins treated as money debts etc

- (1) This section applies for the purposes of Part 5.
- (2) An eligible stablecoin is, to the extent it would not otherwise be, treated as—
 - (a) where it is held by a company, a money debt which is owed to the company, and
 - (b) where it is issued by a company, a money debt owed by the company.

- (3) A debt is, to the extent it would not otherwise be, treated as a money debt if the debt falls to be settled, has at any time fallen to be settled, or may at the option of the debtor or the creditor fall to be settled by the transfer of—
 - (a) an eligible stablecoin, or
 - (b) a debt which otherwise falls within this subsection.
- (4) A money debt is, to the extent it would not otherwise be, to be treated as arising from a transaction for the lending of money if—
 - (a) it is an eligible stablecoin, or
 - (b) it arises from a transaction for the lending of cryptoassets that were eligible stablecoins at the time when the transaction was entered into.

521I Eligible stablecoins: amounts recognised as items of other comprehensive income

- (1) This section applies where—
 - (a) a company has a creditor relationship as respects a money debt which is an eligible stablecoin,
 - (b) the eligible stablecoin is recognised by the company for accounting purposes as an intangible asset, and
 - (c) as a result of the stablecoin being so recognised, amounts relating to the matters mentioned in section 306A(1) in respect of that creditor relationship have in accordance with generally accepted accounting practice been recognised in the company's accounts as items of other comprehensive income.
- (2) The amounts mentioned in subsection (1)(c) —
 - (a) must be brought into account for the purposes of Part 5 as credits or debits for the period of account for which they are recognised, in the same way as an amount which is brought into account as a credit or debit in determining the company's profit or loss for that period in accordance with generally accepted accounting practice, and
 - (b) must not otherwise be brought into account for that period of account or any later period of account as a result of any other provision.
- (3) In this section “other comprehensive income” has the meaning that it has for accounting purposes.”
- (4) In section 302 of CTA 2009 (definitions), in subsection (4), after paragraph (d) insert—
 - “(da) Chapter 6B (eligible stablecoins),”.
- (5) In section 303 of CTA 2009 (“money debt”)—
 - (a) in subsection (3), after “instrument” insert “or cryptoasset”;

(b) after subsection (5) insert—

“(5A) In subsection (3), “cryptoasset” means a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions.”

(6) The amendments made by this section have effect in relation to accounting periods beginning on or after 1 April 2027.

(7) But for the purposes of subsection (6), an accounting period beginning before and ending on or after 1 April 2027 is to be treated as if so much of the period as falls before that date, and so much of the period as falls on or after that date, were separate accounting periods.

4 Section 3: transitional provision for existing eligible stablecoin holdings

(1) This section applies where—

(a) a company holds, immediately before 1 April 2027, an asset which is—

(i) an eligible stablecoin, or

(ii) a debt which falls to be settled, has at any time fallen to be settled, or may at the option of the debtor or the company fall to be settled by the transfer of an eligible stablecoin or a debt which otherwise falls within this sub-paragraph,

(b) immediately before 1 April 2027, the asset does not represent a loan relationship within the meaning of Part 5 of CTA 2009, and

(c) as a result of the amendments made by section 3 of this Act, the asset does represent such a loan relationship on 1 April 2027.

(2) The company is treated for the purposes of TCGA 1992 as having—

(a) disposed of the asset immediately before 1 April 2027 for a consideration of an amount equal to its tax-adjusted carrying value on 1 April 2027 (the “notional disposal”), and

(b) immediately reacquired it for a consideration of the same amount.

(3) Any chargeable gain or allowable loss accruing on the notional disposal is to be treated as accruing on 1 April 2027.

(4) In this section—

(a) “eligible stablecoin” has the same meaning as in section 521G of CTA 2009 (as inserted by section 3(3) of this Act);

(b) “tax-adjusted carrying value”, in relation to an asset, has the same meaning as it has in Part 5 of CTA 2009 in relation to an asset representing a loan relationship within the meaning of that Part.