A significant milestone: Global implementation of the crypto-asset reporting framework

20 December 2024

In brief

What happened?

The Global Forum's 17th Plenary Meeting was held from 26-28 November in Asunción, Paraguay and showcased the progress in the global implementation of the Crypto-Asset Reporting Framework (CARF). Thus far, 63 jurisdictions have already committed to implementing the CARF, and 48 of these jurisdictions have signed the Multilateral Competent Authority Agreement which will operationalize CARF exchanges globally.

Why is it relevant?

CARF tackles the transparency challenges of the decentralized nature of crypto-asset transactions, enabling tax authorities to monitor and address gaps in existing tax frameworks. The CARF focuses on crypto-specific transaction reporting to bridge gaps in the Common Reporting Standard (CRS). At its core, it ensures that crypto asset users more accurately report income and gains, despite complexities and evolving local tax rules (please see the PwC Global Crypto Tax Report 2024 for more details).

Who is impacted?

A Reporting Crypto-Asset Service Provider (RCASP) is the focus of CARF reporting obligations. This is defined as any individual or entity that provides services effecting digital asset transactions and may include businesses beyond those traditionally associated with digital asset transactions. This could involve acting as a counterparty, intermediary, or facilitating a trading platform and may include exchanges, wallet providers, protocol operators, marketplaces, issuers, and more. RCASPs have tax due diligence and reporting obligations. In order to deliver compliance, organizations must firstly stay proactive as these rules evolve, especially in relation to decentralized finance (DeFi), secondly leverage technology, and thirdly adapt operational models.

Key takeaways

We have analyzed 13 jurisdictions that have either consulted on CARF or released draft legislation. The observations below provide an outline of key issues RCASPs should consider in their jurisdictions of operation, to ensure preparedness with the upcoming CARF legislation that will be implemented across the globe.

- **Specific Rules on Nexus, Registration, and Reporting**: RCASPs should consider the specific rules for determining reporting nexus with a jurisdiction and potential local registration obligations;
- **Requirements to Notify Users, Record Keeping and Domestic Reporting**: RCASPs may be obligated to notify users about reportable transactions, maintain accurate records on relevant transactions, conduct comprehensive due diligence and potentially report domestic tax-resident crypto users;
- **Stronger Penalty Framework Compared to CRS**: In many jurisdictions, the CARF establishes a stricter penalty regime than the CRS, with significant fines, operational restrictions, and potential criminal charges for non-compliance with reporting, record-keeping, and due diligence requirements.

In detail

The CARF is an international tax transparency framework developed by the OECD that provides a standardized approach for the automatic exchange of information on crypto-asset transactions. This environment is undergoing rapid evolution in relation to the types of assets available, the participants involved, and the supporting technologies. As of now, 63 jurisdictions have committed to implementing CARF by 2027 or 2028, demonstrating a unified effort to enhance tax compliance in the crypto-asset ecosystem. The widespread implementation of CARF aims to make crypto-asset operations more transparent and accountable by providing tax authorities with reliable, automatically reported data.

DeFi presents challenges for tax compliance due to its lack of central intermediaries and the difficulty in identifying responsible reporting parties, as highlighted in recent CARF FAQs published by the OECD. In addition to the FAQs, the OECD has recently published a Step-by-Step Guide to understanding and implementing the CARF, an XML schema for jurisdictions to automatically exchange information, and a Strategy to support the widespread and effective implementation of the CARF.

CARF adopted via DAC8 in the European Union

On 17 October 2023, the Council of the European Union adopted the Eighth Amendment to the Directive on Administrative Cooperation ('DAC8'), expanding the automatic exchange of information to include transactions involving crypto assets and e-money as reported by crypto-asset service providers. This EU Directive is aligned with the OECD's CARF and amendments to CRS, both endorsed by the G20 to enhance global tax transparency. The CARF, in conjunction with the EU's DAC8 and Markets in Crypto-Assets Regulation (MiCAR), establishes clear reporting boundaries based on a service provider's jurisdiction and authorization. Member States are required to transpose DAC8 into national law by 31 December 2025, with most provisions becoming effective on 1 January 2026, reflecting a coordinated effort across the European Union to enhance transparency and combat tax evasion. See more details in this alert.

CARF implementation summary table

The following is a summary of jurisdictions that are currently in the process of implementing CARF and have published draft legislation or consultations on CARF.

Country	Overview	Timeline
Australia	Treasury published a consultation paper	Provisions likely to be effective from 2026
Denmark	Draft legislation integrates DAC8 into national law	Provisions to be effective January 2026 with additional elements by 2028
European Union	Adopted CARF in 2023 as DAC8	Provisions to be effective January 2026
Germany	Draft bill published to implement DAC8	Provisions to be effective January 2026
Jersey	Public consultation launched in Jersey	Provisions to be effective January 2026; first reports under CARF due on or before 30 June 2027 (proposed due date)
Lithuania	Ministry of Finance prepared draft legislative amendments for DAC8	Provisions to be effective January 2026
Netherlands	Treasury published a draft bill for consultation	Provisions to be effective January 2026; first reports due 31 January 2027
New Zealand	Taxation Bill published and under review	Provisions to be effective April 2026
Singapore	CARF Self-Review tool available, with additional guidance to be published at a later date.	Provisions to be effective January 2026
Slovakia	Draft legislation published for consultation	Provisions to be effective January 2026
Switzerland	Consultation process initiated, draft law and regulations published	Provisions to be effective January 2026
United Kingdom	Consultation and draft legislation published	Provisions to be effective January 2026; first reports due 31 May 2027
United States	Plans to align CARF with 1099-DA reporting, digital asset reporting regulations enacted.	Provisions to be effective January 2027, with reporting in 2028

CARF implementation jurisdictional analysis

Australia

On 21 November 2024, the Australian Treasury published a consultation paper seeking stakeholder input until 24 January 2025. The paper outlines two potential approaches for implementing CARF and related amendments to the CRS:

1. **Adopting the OECD's CARF Model Rules**: This approach involves incorporating the OECD's framework into Australian law with minimal modifications, ensuring consistency with international standards.

2. **Developing Bespoke Australian Rules**: This option entails creating tailored regulations that align with CARF's objectives while addressing specific domestic tax compliance needs, such as adjusting reporting fields to include or exclude certain information.

The Treasury notes that adopting the OECD's model rules could offer efficiency benefits, mirroring Australia's existing CRS implementation. Following the selection of a preferred approach, further consultations will focus on detailed due diligence and reporting requirements, any necessary deviations from the OECD framework, and the specifics of the CARF reporting format and XML schema.

Concurrently, Australia is progressing with related regulatory initiatives, including proposed mandates for digital and crypto asset platforms to obtain Australian financial services licenses and expanding payment system reporting to encompass certain crypto asset transactions.

Denmark

The Danish Ministry of Taxation recently published a draft bill to implement DAC8 via a public consultation that closed on 13 December 2024. Before the legislation can be enacted, it must undergo three readings in the Danish Parliament, highlighting that the legislative process for implementing DAC8 and CARF is still in its preliminary stages before the rules can be fully integrated into Danish law by 31 December 2025 with the provisions taking effect from 1 January 2026.

The Danish draft bill is designed to ensure the national implementation aligns with the rules established under DAC8 and CARF. It also introduces a framework of sanctions for non-compliance, emphasizing strict adherence to reporting and due diligence obligations.

Germany

On 4 November 2024, the German Ministry of Finance released a draft bill to implement DAC8 into national law. This legislation, known as the Crypto-Asset Tax Transparency Act, aims to establish comprehensive record-keeping, due diligence, and reporting obligations for crypto service providers. Key terms such as “reportable crypto-asset", “reporting provider of crypto services,” and “reportable transaction” are defined in alignment with the EU's MiCAR and Annex VI of DAC8, ensuring harmonization with EU standards.

The draft bill mandates that crypto-asset operators not classified as service providers, yet subject to reporting and due diligence requirements in Germany, must register with the Federal Central Tax Office. Reporting providers are required to submit annual reports by 31 July for the preceding year, detailing necessary information about crypto-asset users. Additionally, the bill expands existing due diligence and reporting requirements to encompass e-money products and derivatives linked to crypto-assets. The proposed legislation is expected to take effect on 1 January 2026.

Jersey

On 21 November 2024, the Government of Jersey launched a public consultation to discuss the implementation of the CARF and amendments to the CRS. These proposals aim to enhance Jersey's framework for Automatic Exchange of Information (AEOI) in tax matters, and introduce new reporting obligations for RCASPs by requiring them to disclose details of transactions and users. Amendments to the CRS expand its scope to include digital financial products and derivatives tied to crypto-assets, ensuring alignment with evolving international standards.

Additionally, the consultation outlines plans to improve the efficiency of the AEOI framework, including mandatory registration and reporting requirements, revised penalties for non-compliance, and updates to administrative processes. The consultation seeks feedback from stakeholders and will remain open until 13 February 2025. Draft legislation is expected in spring 2025, with implementation expected for 1 January 2026.

Lithuania

The Ministry of Finance of Lithuania has prepared an amendment to the Law on Tax Administration of the Republic of Lithuania which provides for the transposition of DAC8. Currently, the draft legislation is in the interinstitutional coordination process.

The Ministry has also suggested amendments to the Code of Administrative Offences, introducing fines ranging from €200 to €6 000 for non-compliance with information submission requirements to tax authorities, with stricter penalties for repeated violations. These measures are scheduled to take effect on 1 January 2025.

The Netherlands

On 24 October 2024 the Dutch Ministry of Finance published their draft bill to implement DAC8 into national law. The reporting obligations cover both domestic and cross-border transactions, and domestic as well as foreign crypto-asset users and beneficial owners, with annual reports due to the Dutch tax authorities who will share the data with other EU Member States. The first reports are scheduled for submission by 31 January 2027, covering transactions in the calendar year 2026. To prevent duplicate reporting, providers fulfilling equivalent obligations in jurisdictions with adequate agreements are exempt from reporting in the Netherlands. Additionally, a registration system will be established for crypto-asset service providers with a significant presence in the Netherlands; non-compliance could incur strict penalties (up to €1 030 000), and potential criminal sanctions may apply.

New Zealand

On 30 August 2024, the New Zealand Government introduced the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill, aiming to integrate the CARF and amendments to the CRS into domestic legislation. Instead of fully transposing CARF's provisions, New Zealand plans to reference the framework directly, ensuring alignment with OECD standards while allowing for minor adjustments—such as effective dates and reporting periods—to match the country's tax year from 1 April to 31 March. This dynamic legislative approach ensures that any future OECD updates to CARF will be automatically reflected in New Zealand's domestic law.

The Bill is currently under review by the Finance and Expenditure Select Committee, with public submissions now closed. The Committee is expected to report back in early 2025, with anticipated enactment by March 2025. Key provisions include requiring New Zealand-based crypto-asset service providers to comply with CARF from 1 April 2026, with annual reporting to Inland Revenue by 30 June following the relevant tax year.

Singapore

While Singapore has yet to release local legislation or detailed guidance for CARF, the Inland Revenue Authority of Singapore (IRAS) has made progress in preparing for its implementation. IRAS has launched a self-review tool designed to help entities determine if they qualify as a RCASP under CARF, and to assess their due diligence and reporting obligations based on their nexus with Singapore. This tool offers high-level guidance, and IRAS advises that entities (with a substantially similar nexus in a Partner Jurisdiction) should lodge a notification to IRAS if they opt to report under CARF there instead of Singapore.

Following consultation with the industry, IRAS plans to release further guidance soon, including a Crypto-Asset Reporting Framework e-Tax Guide, CARF XML Schema and a CARF XML Scheme User Guide, which will set out specific requirements for reporting to IRAS. Singapore is expected to commence exchanges under the CARF by 2027 or 2028 at the latest.

Slovakia

On 25 November 2024, the Ministry of Finance of the Slovak Republic issued draft DAC8 legislation for public consultation. The consultation period concluded on 13 December 2024. Currently, the feedback from the consultation is being evaluated. Following this evaluation, the ratification process is expected to commence within the Government and the National Council of the Slovak Republic. The draft bill is anticipated to be approved during the course of 2025. The new CARF legislative framework is expected to take effect on 1 January 2026.

Switzerland

On 15 May 2024, the Swiss Federal Council initiated a consultation process to incorporate the CARF into national law. The draft law and regulations adopt the OECD CARF framework and also introduce Swiss-specific definitions and rules. The consultation phase, which concluded on 6 September 2024 saw various points of discussion, and the federal assembly is now reviewing feedback. The new CARF legislative framework is expected to take effect on 1 January 2026.

- One notable aspect of the draft concerns the conditions under which crypto services are deemed to be provided “as a business,” as defined by Swiss anti-money laundering (AML) regulations. Crypto services qualify as business activities if the provider is a financial intermediary under the Swiss AML Act or meets a threshold defined within AML laws. This threshold also applies to crypto providers in Switzerland not subject to AML requirements.

- The nexus rules further define when a RCASP is considered tax resident in Switzerland, based on unlimited tax liability or specific tax-reporting obligations, such as submitting VAT returns. However, the draft leaves unclear definitions for terms like “managed from Switzerland” or “regular place of business in Switzerland,” and provides no guidance on evaluating the nexus of trusts.

The consultation phase, which concluded on 6 September 2024, saw various points of discussion, and the federal assembly is now reviewing feedback. The new regulations are expected to take effect on 1 January 2026.

United Kingdom

On 30 October 2024, the UK Government released draft regulations on CARF for consultation, open until 10 January 2025 for comment. The intended effective date is 1 January 2026. To reduce compliance burdens, the government aims to align CARF reporting deadlines with the CRS. RCASPs will be subject to a registration requirement and clarifications were made that software developers and non-custodial platforms may qualify as RCASPs, though software programs themselves do not. Moreover, the United Kingdom seeks to expand the definition of a reportable person to include UK tax-resident clients, establishing a domestic reporting regime. There is a new requirement for crypto-asset users to provide a valid self-certification with penalties for failure to provide it. For RCASPs there are new penalties for non-compliance with record-keeping requirements, late submission of reports, inaccuracies or incomplete information in reports, and failure to notify reportable users and persons.

United States

On 28 June 2024, US Treasury and the IRS released final regulations regarding information reporting, backup withholding, and the determination of amount realized and basis for certain crypto-asset sales and exchanges. These regulations require brokers to file information returns (form 1099-DA) and furnish payee statements reporting gross proceeds and adjusted basis on dispositions of certain digital assets undertaken for customers in certain sale or exchange transactions starting in 2025. In addition, the regulations reserve for future study the reporting obligations on certain transactions executed on decentralized exchanges or platforms.

The final regulations provide special rules for certain non-US brokers and transactions. With respect to a sale (including a redemption or retirement) performed at an office outside the United States, a broker includes only a person described as a US payor or US middleman (as defined in the information reporting rules applicable to income information reporting). The preamble to the final regulations indicates that Treasury and the IRS plan to propose regulations to implement CARF by 2028 for 2027 transactions. The final regulations also reserve on the rules requiring non-US brokers to report information on US customers to the IRS to coordinate the rules of these regulations with the new rules that implement the CARF.

Next Steps

The CARF, published by the OECD in 2023, represented a turning point in efforts to create consistent global rules for the automatic exchange of tax-relevant information on crypto-assets. Jurisdictions are now in the next phase of establishing laws and regulations to ensure compliance with the rules.

The CARF is expected to be transposed into the national legislation of EU Member States over the course of 2025 in accordance with DAC8, whilst global implementation outside of the European Union is expected to be staggered over 2025-2027. The effective dates of the CARF rules range from 2026-2028 globally.

Let’s talk

For a deeper discussion on how the global implementation of CARF and DAC8 might affect your business, please contact:

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