

Executive summary

The Common Reporting Standard (CRS) was designed to promote tax transparency with respect to financial accounts held abroad. Since the CRS was adopted in 2014, over seven years have passed, in which over 100 jurisdictions have implemented the CRS and financial markets have continued to evolve, giving rise to new investment and payment practices. The OECD, working together with G20 countries, has therefore conducted the first comprehensive review of the CRS in consultation with participating jurisdictions, financial institutions and other stakeholders.

This has resulted in two outcomes:

- I. a new tax transparency framework which provides for the automatic exchange of tax information on transactions in Crypto-Assets in a standardised manner with the jurisdictions of residence of taxpayers (referred to as the “Crypto-Asset Reporting Framework” or “CARF”); and
- II. a set of amendments to the CRS.

Crypto-Asset Reporting Framework

One major development that the OECD has sought to address is the emergence of Crypto-Assets, which can be transferred and held without interacting with traditional financial intermediaries and without any central administrator having full visibility on either the transactions carried out, or the location of Crypto-Asset holdings.

These developments have reduced tax administrations’ visibility on tax-relevant activities carried out within the sector, increasing the difficulty of verifying whether associated tax liabilities are appropriately reported and assessed, which poses a significant risk that recent gains in global tax transparency will be gradually eroded. In light of the specific features of the Crypto-Asset markets, the OECD, working with G20 countries, has developed the CARF, a dedicated global tax transparency framework which provides for the automatic exchange of tax information on transactions in Crypto-Assets in a standardised manner with the jurisdictions of residence of taxpayers on an annual basis.

The CARF consists of three distinct components:

- Rules and related Commentary that can be transposed into domestic law to collect information from Reporting Crypto-Asset Service Providers with a relevant nexus to the jurisdiction implementing the CARF. These Rules and Commentary have been designed around four key building blocks: i) the scope of Crypto-Assets to be covered; ii) the Entities and individuals subject to data collection and reporting requirements; iii) the transactions subject to reporting, as well as the information to be reported in respect of such transactions; and iv) the due diligence procedures to identify Crypto-Asset Users and Controlling Persons and to determine the relevant tax jurisdictions for reporting and exchange purposes.

- a Multilateral Competent Authority Agreement on Automatic Exchange of Information pursuant to the CARF (CARF MCAA) and related Commentary (or bilateral agreements or arrangements); and
- an electronic format (XML schema) to be used by Competent Authorities for purposes of exchanging the CARF information, as well as by Reporting Crypto-Asset Service Providers to report CARF information to tax administrations (as permitted by domestic law).

Part I of this publication contains the Rules and Multilateral Competent Authority Agreement on Automatic Exchange of Information pursuant to the CARF and their related Commentaries. The XML schema to support the exchange of information pursuant to the CARF will be published separately.

Amendments to the Common Reporting Standard

Developed alongside the CARF, the first comprehensive review of the CRS has resulted in amendments to bring new financial assets, products, and intermediaries within its scope, because they are potential alternatives to traditional financial products, while avoiding duplicative reporting with that foreseen in the CARF. Additional amendments have also been made to enhance the reporting outcomes under the CRS, including through the introduction of more detailed reporting requirements, the strengthening of the due diligence procedures, the introduction of a new, optional Non-Reporting Financial Institution category for Investment Entities that are genuine non-profit organisations and the creation of a new Excluded Account category for capital contribution accounts. In addition, further details have been included in the Commentary to the CRS in a number of locations to increase consistency in the application of the CRS and to incorporate previously released Frequently Asked Questions and interpretative guidance.

Part II of this publication contains:

- the amendments to the CRS Rules and related Commentary; and
- an Addendum to the CRS Multilateral Competent Authority Agreement and related Commentary, which provides an updated legal basis for participating jurisdictions to exchange the broadened scope of information contained in the amended CRS.

The amended CRS XML schema to support the exchange of information pursuant to the amended CRS will be published separately.



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