



# Crypto-Asset Reporting Framework (CARF)

New cross-border reporting requirements for crypto-asset service providers



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## What is CARF and why is it being introduced?

The Crypto-Asset Reporting Framework (CARF) is a new reporting framework that will introduce due diligence and reporting obligations for individuals and entities classified as Reporting Crypto-Asset Service Providers. This framework has been implemented with an effective date of 1 January 2026 in more than 45 countries, with more than 25 other countries committing to a 1 January 2027 implementation timeline.

Australia has announced a commitment to implement CARF and a domestic crypto tax transparency reporting regime with an effective date of 1 January 2027. Legislation to implement CARF and the domestic regime is expected to be introduced during 2026.

This framework builds on existing similar rules for financial institutions under the Common Reporting Standard (CRS). This expansion aims to keep pace with the rapid development and growth of the crypto-asset market, and safeguard the progress made in global tax transparency.

This is in line with the broader trend of expanding existing regulatory requirements applicable to the financial services sector, to apply them to digital and crypto-assets.

## Key requirements

### Who is impacted?

The Reporting Crypto-Asset Service Providers (RCASPs) are impacted. This term broadly refers to individuals and entities that offer services to "effectuate" the exchange or transfer of crypto-assets for customers (or on their behalf) or that provide a trading platform. Crypto exchanges, distributors, brokers and dealers are all expected to fall within the scope.

### What assets fall within the scope?

A crypto asset for these purposes is defined as any digital representation of value that relies on a cryptographically secured distributed ledger or similar technology to validate and secure transactions.

Some exclusions apply – such as e-money and central bank digital currencies, which will be covered by the amendments to CRS, also expected to come into effect in Australia from 1 January 2027, as well as crypto-assets that cannot be used for payment or investment purposes.

## What are the obligations of a Reporting Crypto-Asset Service Provider?

- Collect self-certifications from their customers that confirm, among other details, the customer's name, address, country of tax residence, tax identification number and entity classification (if applicable).
- Monitor for changes in circumstance affecting crypto-assets users' reportable status, such as a change of residence address.
- Annual reports must be submitted to the RCASP's tax authorities, usually in their country of residence. Reporting will include information on:
  - **The user:** such as name, tax residence and tax identification number
  - **The transaction:** such as name of each type of crypto-asset, amounts paid or received, and the number of units acquired or disposed of.

## When do the rules commence?

The rules are expected to come into effect in Australia from 1 January 2027, with the first reports required to be filed in 2028.

## What actions are required between now and 1 January 2027?

- Determine whether you qualify as an RCASP.
- If so, identify which of your products or services will fall within the CARF scope.
- Design and implement new procedures to be in place from 1 January 2027 to:
  - Collect and review self-certifications from crypto-asset users (both new and pre-existing) and their controlling persons where applicable.
  - Monitor for changes in circumstances.
  - Collect new self-certifications upon expiry.
  - Annually report relevant information starting in 2028.

## Challenges

Our extensive experience with similar tax reporting regimes like CRS shows us that the top three challenges to compliance are likely to be:

- Monitoring legislative and reporting requirements for RCASPs impacted in multiple jurisdictions.
- Optimising customer experience while meeting the requirements, which can often be particularly challenging for entities seeking a fully digital end-to-end process for customer engagement.
- Reporting readiness, which includes:
  - Identifying and cleansing reportable data, then extracting, transforming and loading it into the required schema for reporting.
  - Registering with the relevant authorities and establishing a submission mechanism that is approved for use.



## How can EY teams provide support?

Understanding whether and how you are impacted by these requirements might not be straightforward.

We have extensive experience in assisting financial service providers and FinTechs with the implementation of similar customer due diligence and reporting rules, and we can leverage these insights to help you by:

- Advising on the requirements and their application, which includes tracking legislative and guidance updates with our monitoring tool, EY Analyzer.
- Conducting a product assessment to identify which of your offered products or services are within or outside the scope.
- Assisting with the design and implementation of procedures and governance frameworks for compliance, which includes staff training.
- Conducting pre-submission data analytics to evaluate the quality and completeness of data.
- Managing multi-country reporting and submission requirements using our reporting tool, EY FIRST.

Beyond the above, the EY organisation has a range of digital and crypto-asset services that can be accessed through <https://blockchain.ey.com/>

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