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Oceania CRS & FATCA Update

November 2025

Global Momentum in CRS & FATCA Compliance: Preparing for the Next Chapter

As global tax transparency frameworks such as CRS & FATCA continue to evolve, Financial Institutions (FIs) are facing heightened regulatory scrutiny and operational complexity. Tax authorities worldwide are increasing enforcement, enhancing data validation techniques, and preparing for significant changes such as CRS 2.0 and the Crypto-Asset Reporting Framework (CARF). To remain compliant and future ready, FIs must proactively strengthen their governance, improve data quality, and align systems and processes with the new and updated requirements.

- The OECD continues peer reviews to assess jurisdictions' implementation of Automatic Exchange of Information (AEOI) standards, promoting global consistency and accountability.
- Tax authorities are intensifying enforcement, particularly around missing and invalid tax identification numbers (TINs), with formal proceedings being initiated and penalties becoming more common.
- The United States Internal Revenue Service (IRS) issued Notice 2024-78 extending the temporary relief granted in Notice 2023-11 through to the 2027 calendar year for certain Reporting FIs (RFIs) required to report US TINs for preexisting accounts and unable to do so. However, to remain eligible for the relief, RFIs must comply with specific requirements for those Specified US Person account holders and controlling persons for whom the RFI does not maintain a US TIN. These requirements include obtaining and reporting the date of birth, annually requesting a US TIN, performing an annual electronic record search for a

US TIN, reporting a foreign (non-US) TIN where such a TIN is held by the RFI, using the AddressFix element to report the city and country of residence, and retaining records of policies, procedures and compliance actions until 2031. Where an RFI complies with Notice 2024-78, the IRS will not determine there is significant non-compliance solely as a result of the RFI's failure to report US TINs for preexisting accounts.

- Such regulatory developments highlight the increasing scrutiny on CRS & FATCA compliance. In addition to the ATO, other tax authorities such as those in Singapore and New Zealand have also begun proactively contacting RFIs to address data quality issues and enforce compliance standards. This trend underscores the importance of maintaining robust end-to-end processes that ensure accurate and complete reporting, as RFIs increasingly receive inquiries or compliance requests from multiple overseas tax authorities, via the relevant local tax authority. RFIs should ensure they have clearly documented compliance and governance frameworks in place that reflect regulatory expectations.
- CRS 2.0 and CARF will be implemented in many jurisdictions beginning 1 January 2026 (1 April 2026 in New Zealand, Australia TBC), expanding reporting obligations to include digital assets and introducing new schema and due diligence requirements.
- Proactive preparation for CRS 2.0, including system upgrades and policy revisions, is essential to avoid disruption and ensure compliance with future standards.



AUSTRALIA

Strengthening CRS & FATCA Compliance: ATO's key focus areas and industry guidance for financial institutions

The Australian Taxation Office (ATO) has highlighted several critical focus areas for RFIs. Recent discussions with the ATO have emphasised the importance of data quality, enhanced validation checks, and the need for robust compliance processes. With increased scrutiny, ongoing industry-wide challenges, and significant changes on the horizon, FIs must proactively review and strengthen their reporting frameworks. The following key updates and recommendations from the ATO are essential for ensuring ongoing compliance and preparing for future regulatory developments.

- **Data Quality Issues in Reporting:**
The ATO has observed continued data quality issues in CRS & FATCA submissions, including incorrect identification of undocumented accounts and the inclusion of Australian residents and TINs in CRS reports where no other tax residence has been reported. Additionally, obvious lack of thorough review of reports before submission remains a common observation. These issues not only increase the risk of compliance breaches and penalties but also hinder the overall integrity of the reporting process. RFIs are encouraged to ensure accurate data entry, strengthen validation processes, and implement robust review procedures prior to lodgement to address these recurring issues.
- **Focus on Validation and Enforcement:**
The ATO is in the process of updating its validation rules, with particular focus on country codes in CRS reporting. These enhancements are designed to quickly identify data quality issues and to enable the ATO to follow up with RFIs. The ATO expects that, with these measures, the quality of reported data will continue to improve. RFIs should review their current processes and make the necessary adjustments to ensure that reporting data is aligned with the ATO's expectations.
- **Compliance Activities:**
Following the 2024 reporting year, the ATO has planned a range of compliance activities, including both desk-based and onsite reviews. These reviews will focus on the effectiveness of onboarding processes and account documentation checks. Data matching against Australian Investment Income Reports (AIIR) and the Authorised Deposit-taking Institution (ADI) register, as well as targeted inquiries, will be used to identify gaps and ensure that RFIs are meeting their obligations. There will be continued monitoring for late or missing filings with associated penalties expected to be issued to RFIs that do not respond to the ATO's Failure to Lodge (FTL) notices. RFIs should be prepared for increased scrutiny and ensure their processes and documentation are robust and up to date. The ATO continues to encourage RFIs to make voluntary disclosures where gaps have been identified. To date we have not seen penalties issued where voluntary disclosures have been made and corrective actions taken in a timely manner.
- **Penalties and Enforcement Trends:**
The ATO has issued significant penalties for non-compliance with CRS & FATCA obligations, and further penalties are expected as enforcement becomes increasingly rigorous. While no new penalty types have been introduced, the focus on late or inaccurate reporting has intensified, with the ATO conducting more thorough reviews and follow-ups. RFIs should be proactive in addressing data quality and timeliness of report lodgements so as not to incur penalties and to maintain ongoing compliance.
- **Top Recommendations for RFIs:**
RFIs are strongly encouraged to review their onboarding processes to ensure the accuracy of Account Holder information from the outset. IT systems should be reviewed and data elements correctly mapped for CRS & FATCA reporting. Before lodgement, RFIs should implement robust quality control checks, including conducting sample testing.
- **Other Challenges:**
CRS & FATCA governance, due-diligence and data quality issues are not limited to any specific industry. While the ATO acknowledges that there has been improvement within larger organisations, RFIs still face challenges with software developers and third-party service providers. Effective review



and oversight of outsourced services and the agreements entered into with providers of these services are fundamental components of a good governance framework given RFIs are ultimately responsible for compliance.

- **CRS 2.0 and CARF Implementation:**
CRS 2.0 and CARF are expected to be implemented in Australia from 1 January 2027, pending a formal government announcement. These updates will require significant changes to existing policies, procedures, and the reporting schema (CRS) and the implementation of new processes and schema (CARF). Organisations should begin preparing for these changes now, as it may take significant time to implement and develop the required technology solutions. Further updates and guidance from the Australian Treasury and the ATO are expected by year end. Early planning will help ensure a smooth transition and ongoing compliance as CRS 2.0 and CARF are implemented.
- **Governance and Accountability Enhancements:**
The ATO is placing increased emphasis on FIs governance frameworks to ensure accountability for CRS & FATCA compliance. FIs are expected to clearly define roles and responsibilities across compliance teams, maintain detailed audit trails, and regularly review internal controls. Strengthening governance demonstrates a proactive compliance culture, which may mitigate enforcement risks during ATO reviews.

NEW ZEALAND

New Zealand's Path to CRS 2.0 and Crypto-Asset Reporting Compliance

New Zealand has formally adopted the OECD's updates to the CRS (CRS 2.0) and CARF, with the new requirements taking effect from 1 April 2026. These changes will significantly expand the scope and complexity of reporting obligations for FIs and Reporting Crypto-Asset Service Providers (RCASPs), particularly in relation to digital assets and enhanced due diligence requirements. The first reporting under CRS 2.0 and CARF in respect of the reporting period ended 31 March 2027 is due to be filed with Inland Revenue by 30 June 2027.

- CRS 2.0 introduces new data fields—such as account status (new or pre-existing), number of joint account holders, and confirmation of valid self-certification – which will provide Inland Revenue with a more comprehensive view of FIs' compliance levels and reporting practices.
- CARF requires RCASPs in New Zealand to collect and report detailed information on crypto-asset transactions and user identities, meaning RCASPs will need to review and update their onboarding, data collection, and reporting systems to meet new regulatory standards and demonstrate compliance to Inland Revenue. In addition to the requirement for RCASPs to obtain valid self-certifications from all new individual and entity crypto-asset users operating through it, RCASPs have until 31 March 2027 to obtain a valid self-certification from all pre-existing individual and entity crypto-asset users.
- Both frameworks will require FIs and RCASPs to update their systems and processes to ensure compliance and enable timely reporting. For RCASPs, the relatively short timeline between now and 1 April 2026 will present challenges as they design and implement new procedures to collect and review self-certifications, monitor changes in circumstances and report. RCASPs will be seeking to minimise disruption to their customers as much as possible, while also educating crypto-asset users on why this tax data is now required.
- The shift to CRS 2.0 and CARF is more than regulatory compliance – it is a strategic inflection point. FIs and RCASPs that act now to modernise systems, strengthen governance, and embed compliance into core operations will not only meet deadlines but position themselves for long-term resilience and reduce the risks associated with manual workarounds.



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- General advisory

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