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OECD Public consultation document on Crypto-Asset Reporting Framework and Amendments to the Common Reporting Standard

On 22 March 2022, the OECD announced its public consultation concerning a new global tax transparency framework for the reporting and exchange of information relating to cryptoassets. This consultation is to inform policy makers' decisions on the possible adoption of any such framework in the future.

This consultation follows a call from the G20 to the OECD to develop a framework for the automatic exchange of information on cryptoassets, and the OECD is seeking public comments on their suggested approach by 29 April 2022.

GDF's initial impression is that the OECD's new framework is comprehensive as it contains an entire legal framework that can be adopted by most countries. The new framework is also very ambitious as it aims to cover a broad scope of cryptoasset transactions, including retail payment transactions; a broad range of tokens, including non-fungible tokens (NFTs), stablecoins, utility tokens, tokenisation through security tokens and Central Bank Digital Currencies (CBDCs); and a broad range of reporting intermediaries, including decentralised trading platforms.

Dennis Post, Co-Chair of the GDF Tax working Group stated that: 'What is interesting is that the focus is on transactions rather than holdings and that makes them further reaching than rules that are currently in place for financial institutions and others.'

The OECD has adapted a framework that is tightly connected to the AML / KYC guidelines. GDF welcomes this approach as the intention is to reduce the potential burden that these new rules would create on reporting entities. However, GDF expects that these rules would still place a heavy burden on these entities considering the level of detail that is needed to be reported as well as the breadth of transactions that must be reported. Considering that many existing intermediaries are still rather small and new, they will need to build up their compliance departments. Given this, GDF urges tax authorities to provide plenty of time for reporting entities to implement these rules.

Lisa Zarlenga, Co-Chair of the Tax Working Group, noted parallels between the framework and the recently amended US law requiring reporting of digital asset transactions by brokers. 'The broad definition of cryptoassets, cryptoasset service providers

and the transactional approach to reporting are similar between the two sets of rules,' she said.

There are many outstanding questions from the consultation paper and GDF will be looking at these closely. Lavan Thasarathakumar, Director of Government and Regulatory Affairs at GDF states that: 'it is clear that the OECD have looked to build taxation principles on top of the existing FATF AML requirements. With this in mind, we have combined our AML and Tax working groups to create a Joint Working Group that will look at the proposals together and assess the impact of this consultation paper.'

As always, GDF looks forward to engaging with the OECD and presenting the views of the global digital asset industry on this matter.