

CARF and CRS 2.0:

Survival Skills for the Run Up to 2026



Daniel Dzenkowski
Tax Director
PwC



Dr. Max Bernt
Managing Director
Taxbit



Elise Soucie Watts
Executive Director
Global Digital Finance



Pedro Trento
Head of Tax Global and
Finance Europe
Binance

7 October 2025 | 10:00am BST

Executive Summary

- **CARF** introduces global reporting for crypto businesses, requiring them to identify users, classify transactions, and file standardized data with tax authorities for cross-border exchange.
- **CRS 2.0** updates traditional financial account reporting to include **stablecoins that qualify as SEMPs** and tokenized securities
- **Wave 1 jurisdictions** begin due diligence 1 Jan 2026 → first exchange in 2027; **Wave 2** follows in 2027 → exchange 2028.
- **DAC8** extends scope to **non-EU operators** with business activities in the EU.
- Success depends on **strong governance, data architecture, and automated controls** ready by 2026.

Key Definitions

- **CARF (Crypto-Asset Reporting Framework):** OECD standard requiring businesses to identify reportable users, classify crypto transactions, and file annual reports with tax authorities for cross-border exchange.
- **CRS 2.0 (Amendments to the Common Reporting Standard):** expands CRS to cover stablecoins that qualify as SEMP.
- **RCASP:** intermediaries that effectuate crypto transactions (exchanges, brokers, certain custodians, payment or staking services).
- **SEMP:** (i) digital representation of a single fiat currency, (ii) issued on receipt of funds for payment transactions, (iii) represented by a claim on the issuer, (iv) accepted in payment by others, and (v) by virtue of regulatory requirements to which the issuer is subject, redeemable at any time and at par value for the same Fiat Currency upon request of the holder of the product.
- **Nexus:** legal, tax, management, or business activities triggering reporting obligations
- **Self-certification:** user or controlling-person declaration of tax residency and TIN(s), validated through reasonableness checks.
- CARF fills a transparency gap left by CRS in relation to reporting on digital assets

Implementation Timeline

- Published **October 2022** by the OECD; **November 2023**: joint statement of commitment from certain jurisdictions
- **Wave 1 (EU, UK, CH)**: due diligence begins 1 January 2026 → first exchange in 2027.
- **Wave 2 (UAE, SG)**: due diligence in 2027 → first exchange in 2028.
- Additional jurisdictions expected from 2028 onwards.
- Data collected during 2026 will form the basis of 2027 information exchange.
- Firms should have onboarding systems live and validated before 2026.

Scope of CARF

- Applies to businesses facilitating crypto-asset transactions for clients and holding identity data.
- **In scope:** centralized exchanges, brokers, certain custodians, crypto ATMs, payment facilitators, and staking-as-a-service.
- **Reportable transactions:**
 - Crypto⇌fiat purchases and sales.
 - Crypto⇌crypto swaps and trades.
 - Transfers to or from self-hosted wallets.
 - Retail payments exceeding USD 50,000 (aggregate).
- CASPs must identify reportable users and capture data for all relevant transaction types.

Asset Classification: CARF vs CRS 2.0

- **Certain stablecoins (EMTs/SEMPs):** fall under CRS 2.0 as e-money equivalents.
- **Tokenized securities or crypto derivatives:** reported under CRS 2.0
- **Crypto used for payments-via CASPs:** reported under CARF.
- OECD reviewing SEMP definition in relation to requirements that they are redeemable-at-par, in fiat under regulatory rules; must stay aligned with new guidance.

- **DAC8 (EU):** integrates CARF into EU law and because it is aligned with MiCAR creates new definitions like “Crypto Asset Operator” status for businesses not subject to MiCAR regulation/authorisation
- **Wallet Holder Due diligence starts 1 January 2026** for DAC8-covered entities.
- **Nexus rules:** reporting obligations arise from branches, local operations, or business activities.
- Multi-jurisdictional exchanges must map nexus across entities and clients to prevent missed early obligations.

Building the Operating Model

- Develop an integrated model combining **policy, people, process, data, and controls.**
- **Policy:** maintain a global classification manual for CARF/CRS 2.0 and jurisdictional variations.
- **People:** consider appointing a Responsible Officer (Tax or Compliance) with cross-functional support.
- **Process:** embed tax due diligence into onboarding
- **Data and Technology:** determine requirements for a unified data schema, automated validation checks, and XML generation pipeline. Consider whether to buy, build or partner.
- **Controls:** align with AML-style governance determine how to align with country specific requirements

Gap Assessment and Implementation

- Conduct a comprehensive gap assessment.
- Identify missing tax fields such as TIN, residency, and controlling-person data.
- Design low-friction, multilingual self-cert forms with built-in validation and help prompts (important to ensure that this is not considered tax advice)
- Build transaction classification logic to align trades or transfers with CARF/CRS categories.
- Review the XML requirements – data and validations
- Use the output of the gap assessment to determine the implementation plan – scope, scale and solution.

Self-Certifications and Controlling Persons

- **Individuals:** must provide full legal name, DOB, address, tax residencies, and TIN(s).
- **Entities:** must provide classification and depending on this tax residencies, TIN, and in some cases, details of controlling persons
- **Reason to Know / Ongoing Monitoring:** cross-check with KYC data and ensure TIN format and residency consistency – monitor for changes in circumstances
- **Audit readiness:** maintain records about reportability, etc.
- Securely store certificates and ensure data is accessible for audits and amended filings.

Business Engagement and Customer Communication

- Secure early executive buy-in by demonstrating regulatory urgency and operational impact.
- Localise roll-outs for each jurisdiction while preserving global standards and consistent logic.
- Communicate clearly with customers about why self-certifications are needed and how data is used.
- Integrate form guidance and real-time validation to reduce errors and help compliance at onboarding.

- **Top risks:** invalid or missing self-certs, missed nexus or DAC8 triggers, inconsistent data mapping, poor data quality, and potential licence issues (e.g., UAE).
- **Audit preparation:** keep versioned policies, mapping tables, QA reports, and regulator acknowledgments.
- **Evidence chain:** ensure traceability from report line → transaction → user → self-cert.
- **Performance tracking:** monitor valid self-cert coverage, data completeness, filing accuracy, and remediation timelines.
- Poor reporting accuracy or late filings can lead to penalties and reputational harm.

OECD and Local Developments

- OECD may issue clarifications primarily through FAQs rather than amending CARF directly in initial years.
- Industry requests for “soft landing” periods remain under consideration; firms should plan for full compliance from 2026 (as relevant).
- May see clarifications for stablecoins, DeFi, and tokenized assets.
- **EU (DAC8):** implementation from 2026
- **UK (HMRC):** guidance expected late 2025.
- **UAE (MoF):** consultation indicates strict oversight and potential licence withdrawal for serious breaches.

- **Chaired by Daniel Dzenkowski (PwC)**, the group convenes industry participants to share **templates, mappings, and best practices**, and to **coordinate feedback** to OECD and national authorities.
- **Participating helps de-risk implementations** by surfacing edge cases early and aligning interpretations, especially for **stablecoins, DeFi edges, and nexus questions**.
- **Contact: tax@globaldigitalfinance.org** to join workstreams, receive updates, and contribute to consultation responses.

Key Takeaways

- **Due diligence and data capture start on 1 January 2026 for many firms**, so self-cert UX, validations, and data models should be live from day one to avoid gaps.
- **CARF is about transparency, not tax calculation**, but the data will be **matched to taxpayer returns** and drive audits.
- **Nexus can extend scope beyond borders**, frequently pulling global exchanges into **Wave 1** regardless of HQ location; **map exposure now**.
- **Build the operating model first - XML is the output**, and weak upstream models cause filing failures and remediation churn.

References and Contacts

- **OECD:** Crypto-Asset Reporting Framework (CARF) and CRS 2.0 materials
- **EU:** Directive on Administrative Cooperation VIII (DAC8) and forthcoming operator registration processes.
- **UAE:** Ministry of Finance consultation materials signaling strong compliance expectations and potential license consequences.
- **UK:** HMRC implementation guidance expected late 2025; monitor for filing specifics.
- **GDF Policy Team:** policy@globaldigitalfinance.org for slides, recording, and Tax Working Group participation.



GLOBAL
DIGITAL
FINANCE



Global Digital Finance Limited
Registered Company Number: 11246402



128 City Road
London
EC1V 2NX



hello@gdf.io



www.gdf.io