



KPMG AEOI Updates & Tracking Service FATCA/CRS Alert



Date:	15 March 2024	Alert Type:	Document
Country:	United Kingdom	Regime:	FATCA/CRS/CARF
Document Type:	Other Guidance		

United Kingdom: Issued Consultation on the Implementation of Crypto-Asset Reporting Framework and Amendments to the CRS Regulations

On 06 March 2024, His Majesty's Revenue and Customs ("HMRC") of the United Kingdom issued a consultation regarding the implementation of the OECD Crypto-Asset Reporting Framework (CARF) and amendments to the CRS regulations. The consultation aims to gather feedback on the optional or discretionary elements (not the main rule or commentary) in the OECD framework for CARF and amendments to the CRS, including the potential impact of extending domestic reporting. The consultation document should be read in conjunction with the OECD CARF framework, [here](#). It will run for 12 weeks, from 06 March 2024 to 29 May 2024. The consultation is divided into the following sections:

CARF: This section presents various questions seeking views on the reporting and due diligence requirements under the implementation of the OECD CARF. Notably, the Government has proposed a reporting deadline of 31 May for reporting CARF information pertaining to the previous calendar year. In addition, the section proposes reforms to penalty provisions to make it consistent with the implementation of Model Rules for Digital Platforms (MRDP). MRDP is an OECD framework for automatic exchange of information which mandates third parties to gather user data for reporting to tax authorities for international exchange. Under MRDP, digital platform operators must collect income information from providers of accommodation, transport and personal services and report it accordingly. The Government's proposal includes

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categorizing penalties to align them with the MRDP structure, such as penalties for failure to register, late returns, failure to notify individual reportable persons, failure to apply due diligence procedures, failure to obtain a valid self-certification, etc.

Amendments to the CRS: This section provides various questions seeking views on reporting requirements under amendments to the CRS. The Government is also proposing additional changes to the regulations as follows:

- Introduction of Mandatory Registration Requirement: Currently, UK Financial Institutions (FIs) with no reportable account holders are not required to register on HMRC's AEOI portal, thus leading to incomplete visibility. In order to address this issue, the Government plans to introduce a mandatory registration requirement for all entities classified as reportable FI's under CRS, regardless of any reporting obligations. However, FIs will not be obligated to submit annual nil returns.
- Reform of Penalty provisions: The Government is proposing changes to penalty provisions to make them consistent with the implementation of MRDP and CARF. The Government has proposed penalties to cover various non-compliance scenarios such as failure to comply with the mandatory registration requirement, failure to apply due diligence procedures, failure to obtain valid self-certifications, late returns, etc.

Introduction to Domestic Reporting: This section presents questions seeking input on the potential benefits and impacts of introducing domestic reporting into CRS and CARF by including the UK as a reportable jurisdiction. The consultation notes that HMRC currently obtains data from FIs and crypto-asset service providers via notices issued under Schedule 23 of Finance Act 2011. The Government recognizes that there are potential benefits of including domestic reporting, e.g., streamlining third party reporting requirements, enhancing efficiency for both HMRC and taxpayers, refining risk assessment procedures, etc. Notably, the Government is seeking input on the timeline for implementation of the domestic reporting, and the impact this would have on RCASPs and reporting entities in scope.

Finally, the consultation includes a section summarizing all of the questions for stakeholders to address.

HMRC advises that concerned stakeholders with an interest in the implementation of the CARF or CRS submit their responses with the subject heading "CARF" via email at eoi.policy@hmrc.gov.uk or by post to the HMRC Exchange of Information Team. When responding, HMRC ask that you state if you are a business, individual or representative body, and, in the case of representative bodies, please provide information on the number and nature of people you represent.

Following the consultation period, there will be a summary of responses published. The Government will also release detailed draft regulations outlining the requirements for service providers and FIs in the UK. Another technical consultation on these regulations is planned for 2024.

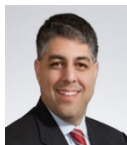
Reference: [Consultation on Cryptoasset Reporting Framework and Amendments to CRS Regulations](#)

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