



KPMG AEOI Updates & Tracking Service CRS/CARF Alert



Date:	11 November 2024	Alert Type:	Document
Country:	United Kingdom	Regime:	CRS/CARF
Document Type:	Other Guidance		

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

On 30 October 2024, His Majesty's Revenue and Customs ("HMRC") published a summary of responses to the public consultation on implementing the OECD Crypto-Asset Reporting Framework (CARF) and amendments to the CRS regulations. This consultation, which ran from 06 March 2024 to 29 May 2024, sought feedback on the scope of the rules, practical implementation, and areas requiring additional guidance, while also proposing a new penalty regime for enforcing the CARF rules. See [here](#) for a KPMG Alert on the consultation.

HMRC received 33 responses from various stakeholders. Most respondents supported the proposals and recognised the benefits of an OECD-led approach to crypto-asset reporting. However, some respondents sought further clarification in specific areas. The key feedback topics and HMRC's responses are outlined below:

CARF Implementation:

Most stakeholders endorsed aligning the CARF reporting timeline with CRS reporting requirements. The government agreed with the feedback and noted that this would simplify the processes for reporting entities. The implementation of the CARF mandates that Reporting Crypto-asset Service Providers (RCASPs) report details of their users and transactions to tax authorities to combat tax non-compliance. Effective 01 January 2026, both the UK individuals and RCASPs will be required to collect specified information on UK and non-UK customers and

United Kingdom Contacts:



Peter Grant
Partner
Peter.Grant@KPMG.co.uk



Rohini Sanghani
Director
rohini.sanghani@KPMG.co.uk

submit the first reports by 31 May 2027, for the 2026 calendar year information.

In addition, stakeholders highlighted the need for further guidance and clarification on the scope, definitions, reporting requirements, and due diligence procedures, given the Crypto market's rapid evolution. Respondents also highlighted additional impacts resulting from the implementation of proposed CARF measures. HMRC recognised these concerns and noted that it will continue to work with stakeholders to develop detailed guidance on the points raised.

Reforming Penalty Provisions for CARF and CRS:

HMRC received both positive and negative feedback on the proposed penalty regime, which aligns with the Model Rules for Digital Platforms (MRDP) structure. HMRC noted that the penalties are appropriate and proportionate and will provide further clarity and guidance in due course.

Introduction to Domestic Reporting:

The majority of stakeholders favored including the UK as a reportable jurisdiction under the CARF. However, some expressed concerns about timing of implementation, which is at the same time as the international CARF. HMRC welcomed the support for domestic reporting and has decided to extend CARF to cover reporting of UK customers by UK businesses, aligning domestic reporting with the international CARF timelines, with data collection on beginning January 1, 2026, and first reporting due on 31 May 2027.

Opinions on the introduction of domestic CRS reporting were more varied, and HMRC acknowledges the need for further consideration of these issues and has decided not to extend the CRS reporting at this stage.

Amendments to the CRS:

Most respondents supported the introduction of a mandatory registration requirement. In response, HMRC will introduce a mandatory registration requirement for all entities classified as reportable FIs under CRS, regardless of any reporting obligations. However, FIs will not be obligated to submit annual nil returns. HMRC acknowledged feedback around administrative burdens and will aim to minimise these impacts.

The CRS amendments will also be effective beginning 01 January 2026, with the first reports due by 31 May 2027, covering the 2026 calendar year information.

Technical Consultation on Draft Regulations:

Following this consultation, HMRC launched a 10-week technical consultation on the draft regulations, inviting feedback on the following proposed rules:

- Mandatory registration for FIs.
- Conditions for excluding certain non-profit organisations.
- Revised penalties for non-compliance and the appeals process.
- Penalties for failing to provide valid self-certification.

Stakeholders are encouraged to submit feedback to the Exchange of Information Team by 10 January 2025. Feedback can be sent via email at eo.policy@hmrc.gov.uk. The government aims to finalise and enact these regulations in 2025, with an effective date of 01 January 2026.

Reference: [Consultation Outcome on Crypto-asset Reporting Framework and Amendments to CRS Regulations](#) and [Draft regulations](#)

For information on KPMG's global AEOI network professionals, please email [GO-FM AEOI Program Support](#).

For more information on KPMG AEOI Updates & Tracking Service, please see [here](#).

For additional summaries of the latest AEOI developments, please visit KPMG's TaxNewsFlash-FATCA/IGA/CRS Insights page, [here](#).

Contact us



Cyrus Daftary
Principal

T: +1 212 954 6096
E: cdaftary@kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com/socialmedia



Laurie Hatten-Boyd
Principal

T: +1 206 213 4001
E: lhattenboyd@kpmg.com

© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS010555-1A

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.