

AEOI Developments CRS 2.0 and CARF



Speakers



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Regulatory and Jurisdictional Updates

OECD Updates

CARF

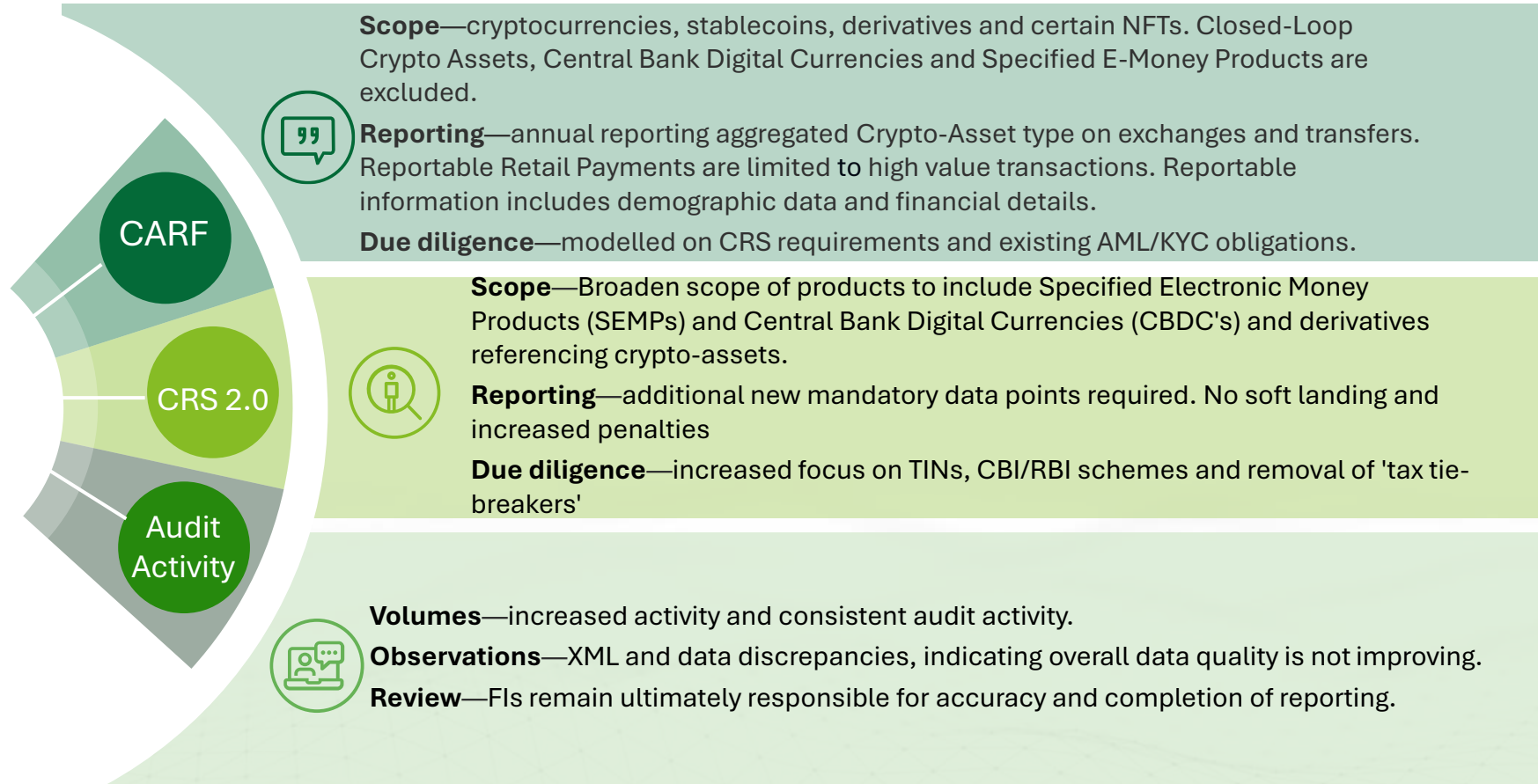
CARF is a new OECD global AEOI standard which expands the scope the CRS tax transparency and reporting requirements to cover the exchange of information related to crypto-asset transactions.

CRS 2.0

Expansion of the CRS with new data requirements and enhanced due diligence; higher volume and granularity of data—more recent updates include release of the updated schema.

Tax Authority Audits

Following OECD Global Forum audits there is increased scrutiny of FIs from tax authorities, particularly around onboarding processes, governance and reasonableness approaches to self-certifications.



Singapore IRAS Audit Activity

Stepping up of CRS reviews and audits



CRS Peer Review

Singapore underwent its Common Reporting Standard (**CRS**) peer review in 2022. We have observed in recent months that the IRAS has increased its activities with respect to CRS compliance reviews and audits on Reporting Singapore Financial Institutions (**SGFIs**), particularly for private banks.



Compliance Questionnaire

In addition to banks, the IRAS has reached out to related financial services (e.g., securities houses, corporate trustees etc.) institutions and commenced audits on the SGFI's internal CRS compliance and diligence processes. As part of the audits, **the IRAS has provided Compliance Questionnaires** for completion and also started on-site visits in Mar 2023 to further understand the SGFI's internal processes.



Audits

The scope and depth of the queries differed substantially, from the receipt of standard emails requesting for businesses to actively assess or re-assess their registration status to full **blown on-site in-depth audits** on general processes and account specific matters. Audits conducted by the IRAS were observed to be nuanced, comparing **inconsistencies between year-on-year** filings as well as comparing against apparent inconsistencies with Foreign Account Tax Compliance Act (FATCA) registrations or filings on an account-by-account basis.



Nil filings

SGFIs filing 'nil' returns are also caught—the IRAS has sent standard query letters to SGFIs who have filed 'nil' CRS returns, seeking the SGFIs responses regarding their **CRS compliance and diligence processes** as well as to request the SGFIs conduct self-reviews on the accuracy of their prior years CRS 'nil' returns (e.g., to review and provide lists of account holders etc).



Long term

It is not expected for such audits to taper given that **Singapore will continually be undergoing the Organisation for Economic Co-operation and Development (OECD) peer review** and financial services players should be prepared to allocate resources for such audits.

There is a mandatory form required to be submitted for FIs in Singapore where errors have been identified in the FTCA or CRS reports.

Key Practical Impacts of CRS 2.0 and CARF

Expanded reporting obligations, Data governance, Systems and operational readiness



CRS 2.0 Key Changes and Implications

CRS 2.0 updates the original CRS framework to reflect the **evolving financial landscape**. It introduces new definitions, expands the scope to include Central Bank Digital Currencies (CBDCs), specified electronic money products, and derivatives referencing crypto-assets. Financial Institutions (FIs) under CRS 2.0 are required to **follow enhanced due diligence procedures**, including updated self-certification rules and more consistent data collection standards.

It dovetails with CARF to create **a broader scope of products**, due diligence requirements and Reporting FIs (e-money providers).

- Mandatory registration for all reporting financial institutions and trustee-documented trusts by [expected Jan 2027].
- One-time registration, with no annual renewal required unless de-registered.
- Expanded due diligence requirements and updated guidance on collection and validation of TINs to commence [Jan 2027].
- Updated and increased penalty provisions introducing “reasonable care” as a factor in compliance and new penalties on customers.
- First Reporting 2028. (although CRS2.0 Schema applies for Reporting in 2027).



Key Features and Requirements of CARF

CARF expands the CRS tax transparency and reporting network to **cover crypto-assets** (like Bitcoin, stablecoins, and NFTs).

It requires Reporting Crypto Asset Service Providers like exchanges, brokers, and custodians to collect and report data on account holders and transactions for tax transparency, much like financial institutions do under CRS. This includes not only trades and transfers but also **retail payments exceeding \$50,000**.

CARF’s reporting obligations mirror the CRS but are tailored to the unique characteristics of decentralised digital assets- i.e. they are **transactional based**, not year-end.

- Entity Classification
- Mandatory registration for all RCASPs by [Jan 2028]
- One-time registration, with no annual renewal required unless de-registered
- New due diligence requirements and updated guidance on collection and validation of TINs to commence [Jan 2027]
- Product base requires scoping
- First Reporting 2028

CRS 2.0

Outlining the new data elements required to be reported under CRS 2.0



New mandatory data elements

No soft landing

'New' or **'Pre-existing'** account

Whether the Account Holder has provided a **valid self-certification**

Role of Reportable Persons who are Equity Interest Holders in Investment Entities

Identify **Financial Account type** being reported (incl. Specified Electronic Money Products)

Non-mandatory: Identify **joint Account Holders** (and number of Account Holders)

No soft landing

Controlling Person type, with multiple types supported

Whether a valid self-certification has been obtained for the Controlling Person

- For first two years—where account predates CRS Amendments go live date, information only required to reported if available in electronically searchable data maintained by FI.



Enhanced due diligence

- AML/KYC procedures must be line with 2012 FATF recommendations
- Exceptionally, can rely on Pre-existing due diligence until self-certification obtained
- Citizenship/Residence by Investment guidance integrated
- Reliance on tax residence tie-breakers no longer permitted
- Reason to know TIN unreliable toughened
- Government Verification Services permitted, and no required to request beneficial owner info of certain publicly traded companies

CARF: Crypto-Asset Reporting Framework

The **Crypto-Asset Reporting Framework (CARF)** is a new international standard for the automatic exchange of information on crypto-assets, designed to enhance tax transparency and combat tax evasion in the evolving digital economy.

What is CARF? CARF is a comprehensive framework developed by the **OECD** to provide for the automatic exchange of information on transactions in crypto-assets. It aims to ensure that crypto-asset service providers report relevant information to tax authorities, mirroring the established **Common Reporting Standard (CRS)** for traditional financial assets. This initiative is crucial for maintaining the integrity of tax systems globally amidst the rapid growth of the crypto market.

Core Purpose The primary purpose of CARF is to **enhance tax transparency** and prevent tax evasion facilitated by the anonymity and cross-border nature of crypto-asset transactions. By establishing a standardised reporting mechanism, CARF enables tax authorities to obtain visibility into crypto-asset holdings and transactions, ensuring that taxpayers meet their obligations and promoting a level playing field between traditional and digital financial assets.

Global Standard CARF is rapidly emerging as a **global standard**, with many jurisdictions, including Singapore, actively considering or implementing its provisions. Its development reflects a coordinated international effort to address the challenges posed by crypto-assets to existing tax reporting frameworks. The framework provides a consistent approach for countries to collect and exchange information, fostering greater cooperation and reducing opportunities for non-compliance across borders.

Crypto-Assets The scope of crypto-assets covered by CARF is broad, encompassing any digital representation of value or rights that can be transferred and stored electronically using distributed ledger technology or similar technology. This includes **exchangeable crypto-assets** like Bitcoin and Ethereum, certain **stablecoins**, and even **NFTs** when used for payment or investment purposes. The framework is designed to be future-proof, adapting to new innovations in the crypto space.

Entities Covered CARF applies to **Crypto-Asset Service Providers (CASPs)**, which include exchanges, brokers, and other intermediaries facilitating crypto-asset transactions. This also extends to certain decentralised entities and software providers that enable the exchange of crypto-assets. These entities are obligated to collect and report information on their users' crypto-asset transactions and holdings to their respective tax authorities, ensuring comprehensive coverage of the market.

CARF—Reporting Elements

To be reported annually by [date specified in implementing legislation]

Reportable Crypto-Asset User	Reporting CASP details	Relevant Crypto-Asset for which a transaction is effectuated in the reporting period (separately)	Exchange Transactions	Relevant Crypto-Assets and Fiat	Inbound (acquisitions)	
1. Name 2. Address 3. Jurisdiction in which resident 4. TIN ^[I] 5. Place of birth ^[II]	1. Name 2. Address 3. Registration number		Transfers	Between Crypto-Assets	Inbound (acquisitions)	
				1. Aggregate FMV ^[IV] 2. Number of units 3. Number of transactions	Outbound (disposals)	
			Reportable Retail Transactions	Outbound (disposals)		
			1. Aggregate FMV ^[IV] 2. Number of units 3. Number of transactions			
				Of Relevant Crypto-Assets	Inbound (acquisitions)	Transfer type #1
				1. Aggregate FMV ^[IV] 2. Number of units 3. Number of transactions		Transfer type #...N
					Outbound (transfer to another exchange wallet)	Transfer type #1
					Outbound (transfer to non-exchange wallet)	Transfer type #...N
		<Crypto-Asset #...N>	<as above>	<as above>	<as above>	<as above>

Notes

^[I] Not required if no TIN issued or otherwise collected by relevant Reporting Jurisdiction.

^[II] Not required if CASP not otherwise required to obtain under domestic law of relevant Reporting Jurisdiction.

^[III] To be reported in the Fiat Currency in which paid or received or, if multiple currencies, in a single currency converted at spot rates in a manner consistent applied. Currency must be specified.

^[IV] To be reported in a single Fiat Currency converted at spot rates in a manner consistent applied. Currency must be specified.

CARF Wave 1 Jurisdiction Lessons learnt

Understanding the elements of the Wave 1 Jurisdiction Updates and impact and the challenges seen in the market.



OECD FAQs

FAQ update in December 2025 addressed several identified challenges

- Regular place of business nexus—application to Branches
- Regular place of business nexus—customer base
- Reliance on a third party for reporting purposes
- Digitally issued or Tokenised Financial Assets
- Specified Electronic Money Products—redemption requirements and multi-currency wallets



Additional FAQs

BIAC Group lobbying OECD to introduce additional FAQs to provide clarity on:

- Clarification on who should carry out due diligence and subsequent reporting in scenarios where multiple RCASPs are involved in a single exchange/chain of transactions
- Application of the branch FAQ to other entities with higher nexus considerations and multiple same jurisdictional RCASPs
- How the tokenisation FAQ applies to “tainted” traditional Financial Assets associated with tokenised funds



Challenges in the Market

Delayed and uneven implementation across jurisdictions leads to mismatches in obligations

- Only 33 Wave 1 jurisdictions have finalised regulations, and approximately eight of those still lack draft rules—resulting in day-one compliance challenges in the absence of clear legal frameworks
- Domestic Digital asset reporting regimes that duplicate or override CARF obligations, creating risks of fragmentation and overlapping requirements
- Most RCASPs feel the need for a standardised self-certification template for CARF individual onboarding

Impact of Regulatory Changes

Understanding the direct implications of recent AEOI regulatory updates in Singapore on your operations and compliance strategies. We will explore new obligations, potential risks, and necessary adjustments.



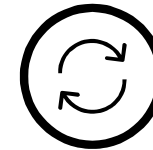
New Compliance Obligations

- Businesses face **expanded reporting requirements** under the latest AEOI frameworks. This includes the new requirements under CRS 2.0.
- Ensure your data collection processes are **robust** and meet the updated jurisdictional guidelines for accurate submission.



Risks of Non-Compliance

- Failure to comply with AEOI regulations can lead to **significant penalties**, including financial fines and reputational damage. Inaccurate or late submissions are also subject to scrutiny.
- Mitigate these risks by implementing **proactive monitoring** and ensuring timely, accurate data submission to the Inland Revenue Authority of Singapore.



System & Process Adjustments

- Existing systems and operational processes may require **substantial updates** to accommodate new data fields and reporting formats. This includes IT system enhancements and workflow redesign.
- Review your current infrastructure to identify gaps and plan for **necessary upgrades** to maintain seamless regulatory adherence.



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