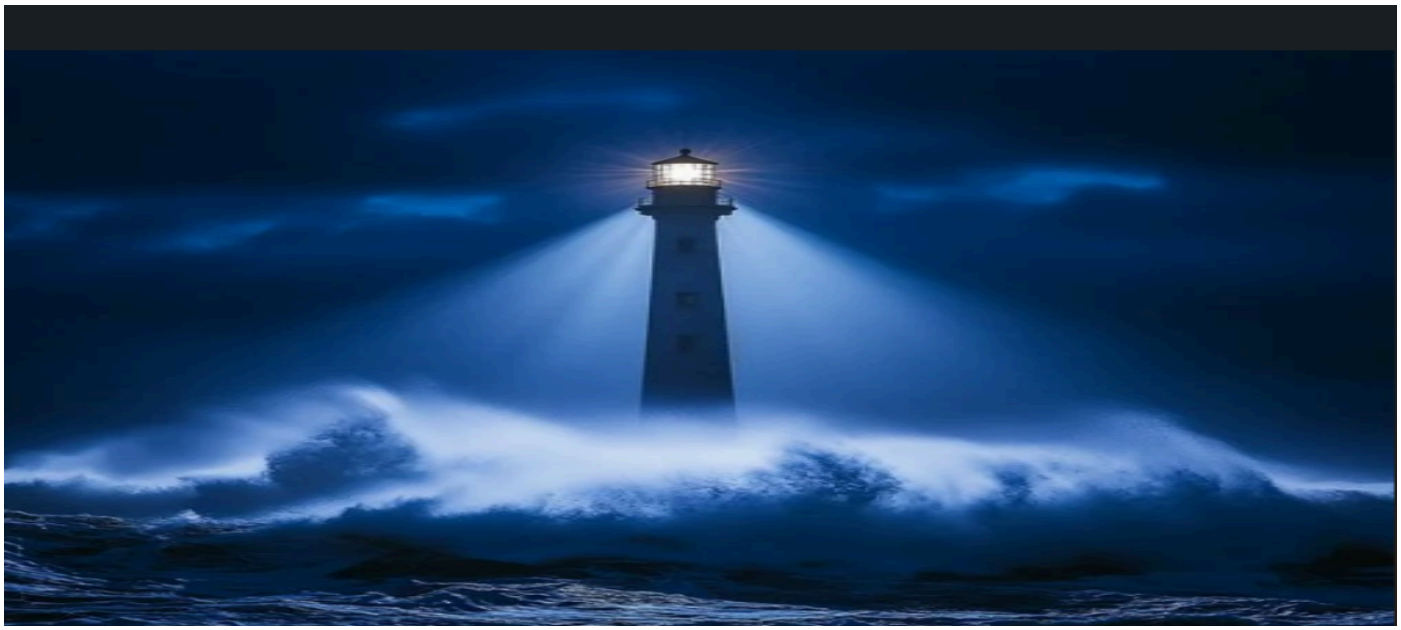
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# Crypto-Assets in a New Regulatory Era: MiCA, CARF, CRS and DAC8

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# INTRODUCTION.

With the rapid rise of digital assets and their growing influence on traditional financial systems, the OECD has unveiled a landmark initiative to modernize global tax transparency, signaling one of the most significant transformations in international tax regulation in decades. At the heart of this initiative lies a two-pronged strategy designed to close long-standing gaps in financial oversight and bring the digital economy into line with global standards.

First, the scope of the common reporting standard (CRS) — the backbone of international tax information exchange — is being expanded to capture a wider range of digital financial products, ensuring that innovative instruments do not slip through regulatory cracks. Second, the OECD has introduced the cryptoasset reporting framework (CARF), a groundbreaking regime dedicated exclusively to cryptoasset transactions. Under this enhanced framework, cryptoasset service providers, trading platforms, and fintech companies will be held to the same rigorous transparency standards as conventional financial institutions.

This move not only places digital assets firmly within the global financial regulatory architecture but also underscores the international community's determination to combat tax evasion, increase accountability, and foster trust in an increasingly digitized financial landscape. Further, tax authorities can harness the power of blockchain data to streamline workflows, enhance transparency, and drive unprecedented efficiency — all while carefully balancing the diverse interests of governments, businesses, and taxpayers.

*This document is not, and should not be regarded as, legal, tax or investment advice. It is intended purely for information and educational purposes.*

## 1.1 The MiCA Framework and Its Market Impact.

The European Union has emerged as one of the first major jurisdictions to establish a comprehensive and clearly defined rulebook for digital assets through the Markets in Crypto-Assets Regulation (MiCA). By setting binding requirements across all member states, MiCA fundamentally changes the playing field — particularly for offshore firms that have long operated in the shadows, with little accountability and minimal oversight.
Under MiCA, any company wishing to offer crypto-related services within the EU must adhere to rigorous standards covering security, consumer protection, and operational transparency. This creates a meaningful divide between regulated and unregulated players. Offshore entities that fail to meet these requirements will effectively lose their right to serve European clients, opening the door for compliant businesses to grow their market share and build deeper trust with both retail users and institutional investors.

The resulting consolidation may prove substantial. As unregulated competitors are pushed out, MiCA-compliant firms stand to benefit from increased credibility and a larger addressable market. According to a 2024 European Securities and Markets Authority (ESMA) report, approximately 35% of crypto-asset service providers operating in the EU were expected to exit or consolidate following MiCA's full application, while licensed entities reported a 22% increase in institutional client enquiries within the first six months of the transitional period.

## 1.2 A Magnet for Capital and Talent.

Against a backdrop of fragmented and often contradictory crypto regulation worldwide, MiCA's clarity could turn Europe into a preferred destination for entrepreneurs, investors, and skilled professionals in the digital asset space. Institutional players in particular — historically cautious about regulatory risk — may find the EU's unified framework far more appealing than jurisdictions where the rules remain ambiguous or unpredictable.
A key feature of MiCA is the passporting mechanism: a firm licensed in any single EU member state is entitled to operate freely across the entire bloc. This significantly lowers the barrier to scaling operations, making Europe an attractive launchpad for crypto businesses with pan-European ambitions.

Beyond traditional crypto services, MiCA could also accelerate the tokenization of real-world assets — from real estate and artwork to conventional financial instruments. With a stable regulatory foundation in place, companies can pursue these innovations with greater confidence, knowing that both their legal standing and their customers' protections are clearly defined.

Tokenization, in this context, holds considerable promise: it can unlock liquidity in markets that have historically been illiquid and broaden access to investment opportunities across a wide range of sectors. For an EU economy seeking new engines of growth, this represents a potentially transformative development. According to a Boston Consulting Group study, the tokenization of global illiquid assets could reach USD 14 trillion by 2030 and potentially USD 55 trillion by 2035, representing one of the largest structural shifts in the financial system. A 2024 EY survey found that 57% of institutional investors planned to increase their exposure to tokenized assets once comprehensive regulatory frameworks like MiCA were in place. For an EU economy seeking new engines of growth, this represents a potentially transformative development.

## 1.3 Supply Chains, National Security, and the Blockchain Advantage.

Regulatory certainty around crypto-assets and blockchain technology also carries implications beyond finance. For supply chain management, blockchain-based tracking and tokenization offer dramatically improved visibility into the movement of goods — an asset for both commercial efficiency and national security. The ability to monitor international trade flows and enforce sanctions more effectively becomes meaningfully stronger when underpinned by transparent, immutable ledger technology. The EU's Corporate Sustainability Due Diligence Directive (CSDDD), adopted in 2024, increasingly encourages companies to deploy blockchain-based traceability systems to verify supply chain compliance with environmental and human rights standards, creating synergies with MiCA-compliant infrastructure.

# 2. The OECD's Crypto-Asset Reporting Framework (CARF).

On the global tax front, the OECD published the Crypto-Asset Reporting Framework (CARF) in October 2022, aiming to create a standardized approach to tax transparency for digital assets. Its core objective is to ensure that tax authorities around the world can access consistent, comparable data on crypto transactions and the income they generate — closing the gaps that currently allow some individuals and businesses to obscure taxable activity.

The framework has gained rapid international traction: as of mid-2026, close to 80 jurisdictions had endorsed the CARF, with at least 48 jurisdictions — including the United Kingdom and the entire European Union — commencing data collection from 1 January 2026, and 48 jurisdictions having signed the Multilateral Competent Authority Agreement (MCAA) for the automatic exchange of information collected under CARF.

CARF draws on two well-established pillars of international financial governance:

**The Common Reporting Standard (CRS):** Originally designed to require financial institutions to report data on accounts held by foreign tax residents, CRS principles are now extended under CARF to cover crypto-asset service providers, who must similarly report user holdings and transaction data to the relevant authorities.

**FATF Recommendations:** The Financial Action Task Force's anti-money laundering and counter-terrorism financing guidelines — including Know Your Customer (KYC) and Anti-Money Laundering (AML) requirements — are incorporated into CARF, ensuring that crypto service providers verify user identities and maintain proper transaction records.

Together, these elements form a framework designed to bring crypto markets in line with the standards already applied to conventional financial institutions, while also building an international surveillance network based on cross-border cooperation.

The benefits are significant: greater tax compliance, improved government revenues, and reduced scope for hiding income through digital assets. The OECD estimates that CARF implementation could help recover between USD 50 billion and USD 60 billion annually in previously unreported crypto-related income globally. A 2023 Tax Justice Network study estimated that approximately USD 36 billion in tax revenue was lost annually due to offshore crypto holdings prior to CARF's introduction. Challenges remain, however. Implementing CARF demands substantial technical capacity — both from service providers and from tax administrations — and without broad global adoption, holdout jurisdictions could undermine the framework's effectiveness. The OECD has emphasized that the goal should be a reporting process that is as streamlined and harmonized as possible, particularly to avoid placing disproportionate burdens on developing nations.

## 2.1 CARF's XML Schema and the Treatment of Decentralized Finance.

In a significant recent update, the OECD officially released the XML Schema for CARF reporting, accompanied by a set of detailed FAQs. The schema introduces standardized transaction categories for reporting purposes, including:

- Airdrops
- Staking and mining income
- Crypto lending activity
- Transfers from other reporting entities
- Payments for goods or services
- Miscellaneous transactions

This standardization gives Crypto-Asset Service Providers (CASPs) and Virtual Asset Service Providers (VASPs) a common reporting language, improving consistency across jurisdictions and helping tax authorities more accurately assess liabilities — particularly important given that different transaction types are often taxed differently depending on local rules.

One of the more consequential clarifications in the updated FAQs concerns non-custodial service providers and decentralized exchanges (DEXs). While DEXs are no longer explicitly named, the OECD confirmed that non-custodial providers — which may include DEX platforms — can qualify as Reporting Crypto-Asset Service Providers (RCASPs) if they facilitate exchange transactions for users. This signals that decentralization alone does not exempt a platform from reporting obligations; what matters is the degree of control exercised over the trading environment. Precisely what constitutes "sufficient control" remains a question that further regulatory guidance will need to address.
The first data exchanges under CARF are scheduled for 2026, meaning that CASPs and VASPs that have not yet begun preparing for compliance need to act without delay. Industry surveys suggest that compliance readiness varies significantly: a 2025 PwC Global Crypto Tax Survey found that only 38% of crypto-asset service providers had fully operational CARF-compliant reporting systems in place, while 45% were in active implementation and 17% had not yet begun preparation.
The CARF is designed to bring unprecedented transparency to the digital asset economy by holding reporting cryptoasset service providers (RCASPs) to strict disclosure standards. The definition of RCASPs is intentionally broad, ensuring that all key players in the crypto ecosystem are covered, including:

- centralized and decentralized exchanges;
- custodial wallet operators;
- cryptoasset brokers and dealers; and
- certain decentralized finance platforms and protocols, where active control or financial benefit is evident.

By targeting both mainstream intermediaries and decentralized innovations, the CARF represents a decisive step toward aligning the cryptoasset sector with the compliance and transparency expectations long established in traditional finance.

The first and most critical step in determining obligations under the CARF is to establish whether an entity qualifies as an RCASP. The classification is far from a formality — it triggers a suite of compliance responsibilities designed to align digital asset intermediaries with the standards already applied to traditional financial institutions. For cryptocurrency platforms, brokers, custodial wallet providers, and other entities deemed RCASPs, compliance begins with a rigorous review of operational processes and data capabilities.

The following foundational actions are essential:

**A**. ***Identify and Close Gaps in Data Collection***. RCASPs must critically examine whether their onboarding and transaction monitoring processes capture the full spectrum of information required under the CARF. This includes:

1. tax residency and taxpayer identification numbers: ensuring that onboarding systems gather verified tax information at the point of entry;
2. wallet-to-wallet transfers: implementing systems capable of distinguishing between hosted and self-hosted wallet transfers, while ensuring that transactions are attributed to the correct users; and
3. transaction valuation: establishing mechanisms to calculate the fiat currency equivalents of all cryptoasset transactions, with precise time-stamping to enable accurate reporting and auditability.

By proactively identifying weaknesses and strengthening the data infrastructure, RCASPs can position themselves to not only comply with the CARF requirements but also demonstrate a commitment to transparency, investor protection, and long-term regulatory trust.

**B**. ***Define a Technology Strategy***. RCASPs must make an early, strategic decision on how to build the technical backbone for CARF compliance. Two primary paths exist:

1. in-house development: designing a bespoke compliance infrastructure aligned with the CARF requirements, capable of integrating directly with existing platforms and adaptable to evolving reporting timelines;
2. third-party adoption: leveraging external regulatory technology platforms or specialist reporting service providers to manage data processing, validation, and submission at scale; and the choice of strategy will shape not only operational efficiency but also the organization's long-term agility in responding to future regulatory demands.

**C**. ***Strengthen Governance and Manage Legal Exposure***. Beyond technology, compliance success under the CARF depends on strong governance. RCASPs should:

1. establish clear lines of accountability for tax reporting obligations within the organization;

2. document classification decisions and maintain a defensible record of how users are assessed and transactions reported; and
3. track global regulatory change continuously, ensuring that operations remain compliant across all jurisdictions in which users are active.

Taken together, these measures not only mitigate legal and reputational risk but also demonstrate a proactive commitment to transparency and regulatory alignment — positioning RCASPs as trusted actors in the evolving digital asset ecosystem.

**D**. ***Establish the Reporting Jurisdiction***. An RCASP's first obligation is to determine the jurisdiction to which it will report under the CARF. If an RCASP has a nexus with a single participating jurisdiction, it must submit all required information directly to that authority. However, for RCASPs operating across multiple CARF jurisdictions, a strategic choice is permitted: They may designate one jurisdiction as their reporting hub — provided it is a CARF signatory — and then formally notify all other relevant tax authorities of this election. This determination is not merely procedural; it defines the entity's compliance anchor and shapes its ongoing regulatory relationship.

**E**. ***Act with Urgency and Foresight***. Timeliness is nonnegotiable under the CARF. RCASPs must move quickly to align with reporting obligations, because regulatory timelines are strict and enforcement will be uncompromising. Firms that delay implementation risk exclusion from key markets, heightened supervisory scrutiny, and substantial financial penalties. By contrast, early compliance not only mitigates risk but also positions firms as credible, trusted participants in the evolving global financial ecosystem.

# 3. The Common Reporting Standard (CRS).

Introduced in 2014, the CRS has served as the bedrock of international tax transparency, providing a unified framework through which participating jurisdictions automatically exchange financial account information on nonresidents.[1] This mechanism has played a pivotal role in enabling tax authorities worldwide to uncover hidden offshore wealth, curb tax evasion, and strengthen the integrity of global financial systems. In recognition of the rapidly evolving financial landscape, the OECD introduced major revisions to the CRS in 2023 — the most substantial overhaul since its inception. Set to take effect in 2026 for jurisdictions that adopt them, these updates are designed to close emerging gaps and ensure the framework remains fit for purpose in a digital-first economy.
Key enhancements include:

**A**. ***Broadening the Scope to Digital Financial Products***. For the first time, the CRS will extend to cover central bank digital currencies and selected e-money instruments, including prepaid debit cards and digital wallets issued by licensed financial institutions. By doing so, the framework captures an increasingly mainstream segment of the payment ecosystem, ensuring that technological innovation does not create difficulty for regulators.

**B**. ***Enhanced Reporting of Crypto-Linked Exposures***. The revised CRS will also require financial institutions to disclose client exposure to cryptocurrencies through traditional financial instruments — for example, derivatives, exchange-traded products, or structured notes that track the value of cryptoassets. This measure reflects regulators' growing concern that crypto exposure can be masked within conventional portfolios, and it strengthens authorities' ability to trace wealth in an asset class long associated with opacity.
While the CARF targets the direct exchange and transfer of cryptoassets, the revised CRS expands the lens to capture indirect exposure. This encompasses investments in exchange-traded funds, structured products, or derivatives that reference cryptoassets, ensuring that tax authorities can trace cryptocurrency-related risk even when it is embedded within traditional financial instruments.

**C**. ***Strengthened Due Diligence Obligations***. The updated CRS introduces more rigorous procedures for identifying account holders and controlling persons, with particular attention to passive non financial entities. By tightening these verification and documentation requirements, jurisdictions can close long-standing loopholes, reduce the risk of misreporting, and significantly improve the quality and reliability of the data exchanged.

**D**. ***Targeted Relief for Nonprofit Organizations***. Reflecting a risk-based approach, the revised CRS provides relief for certain nonprofit entities that are already subject to high standards of financial transparency. These organizations may face reduced reporting

obligations, allowing authorities to focus resources on higher-risk accounts without compromising the integrity of the framework.

Taken together, these updates ensure that the CRS remains robust, forward-looking, and fit for a financial landscape that is increasingly digital, complex, and nontraditional — reinforcing its role as a cornerstone of global tax transparency.
The updated CRS and CARF will take effect in most adopting jurisdictions as of January 1, 2026, with the first reporting deadlines set for mid-2027. However, some jurisdictions may delay implementation until January 1, 2027, to allow additional time for enacting national legislation and building the required technical infrastructure. It is critical to understand that these frameworks are not self-executing; successful enforcement depends entirely on each jurisdiction passing comprehensive laws that include clear penalties and robust enforcement mechanisms. As of September 2026, the OECD reports that 47 jurisdictions have enacted or are in final stages of enacting domestic CARF legislation, while 19 jurisdictions have confirmed delayed implementation to 2027.

The EU is leading integration efforts by embedding both the CARF and the updated CRS within its directive on administrative cooperation (DAC) — DAC8 addressing cryptoassets and DAC2 covering traditional financial accounts — both launching in 2026. In stark contrast, many offshore jurisdictions have not yet published draft legislation, creating significant uncertainty around timing and compliance obligations.
This fragmented global rollout presents a daunting challenge for multinational crypto platforms, forced to navigate a patchwork of staggered implementation timelines and inconsistent regulatory demands. The resulting compliance complexity threatens operational efficiency and heightens risk, underscoring the urgent need for coordinated, decisive action across jurisdictions to ensure effective regulatory alignment and enforcement.[2]

## 3.1 DAC8: Bringing C.A.R.F. Into the EU Single Market.

Within the European Union, the eighth iteration of the Directive on Administrative Cooperation — known as DAC8 — translates the OECD's CARF principles into binding EU law, while also introducing several noteworthy extensions tailored to the Single Market context.
DAC8 requires crypto-asset service providers to collect and share detailed information on user transactions, including Tax Identification Numbers (TINs). The inclusion of TINs marks a meaningful upgrade from existing requirements, making it far easier for tax authorities to match transaction data to individual taxpayers and identify evasion.
Member States were required to transpose DAC8 into national law by 31 December 2025, with reporting obligations commencing from 1 January 2026. However, approximately 12–13 Member States faced formal infringement procedures from the European Commission in early 2026 for failing to transpose the rules into national law by the deadline. The European Commission estimates that DAC8 will cover approximately 9.500

crypto-asset service providers operating within the EU and affect over 60 million European crypto users.

Importantly, DAC8 covers not only CASPs — exchanges, wallet providers, and other platforms regulated under MiCA — but also a broader category known as Crypto Asset Operators (CAOs). CAOs are entities involved in managing or facilitating crypto transactions without necessarily offering direct services to end users. Their inclusion reflects a recognition that regulatory coverage must be wide enough to capture all significant participants in the digital asset ecosystem, not just the most visible ones.

The practical advantages of DAC8 are threefold. First, it harmonizes information exchange across the EU and aligns it with the CARF standard, making cross-border tax cooperation substantially more effective. Second, it reduces administrative complexity for compliant businesses: a CASP authorized in one member state need not satisfy additional or duplicated reporting requirements in other EU countries. Third, stronger identity verification requirements and more rigorous data collection reduce the scope for illicit activity, bolstering public and investor confidence in European crypto markets overall.

DAC8, MiCA, and CARF together represent a coordinated, multi-layered effort to bring the crypto-asset sector into the mainstream of financial regulation — combining market access rules, tax transparency standards, and cross-border information sharing into a coherent whole. This regulatory convergence is further reinforced by the EU's Anti-Money Laundering Regulation (AMLR), which entered into force in 2024 and will apply from 10 July 2027, extending full AML/CFT requirements to all crypto-asset service providers and eliminating thresholds for customer due diligence on crypto transactions. The new Anti-Money Laundering Authority (AMLA), headquartered in Frankfurt, became operational on 1 July 2025 under EU Regulation 2024/1620, and on 1 January 2026 the European Banking Authority completed the transfer of all its AML and CFT mandates to AMLA, consolidating powers previously scattered across multiple bodies. AMLA will directly supervise a select group of approximately 40 high-risk entities — including large banking groups, payment institutions, e-money firms and crypto-asset service providers — active in at least six Member States, with direct supervision launching in January 2028.

The coming years will test how effectively these frameworks can be implemented in practice, but their direction is clear: a more transparent, accountable, and legally certain environment for digital assets, both within Europe and beyond.

## 3.2 Applying the CARF, DAC8 Beyond National Borders.

The CARF itself does not explicitly impose extraterritorial obligations, but the EU's DAC8 does so clearly, extending its reach beyond borders. Countries like Switzerland and Brazil have adopted similar extraterritorial approaches in their national laws. For cryptoasset service providers, this means their obligations hinge not only on where they are based but also on where their users reside or where their infrastructure operates. Under DAC8, any platform serving EU residents — even through reverse solicitation in which users actively

seek the service — must register in an EU member state, begin collecting customer data from January 1, 2026, and start reporting in 2027.

This expansive scope tightens the regulatory restraints around global crypto platforms, demanding swift and comprehensive compliance. Switzerland and Brazil have adopted an economic nexus model, meaning a cryptoasset service provider is subject to regulation if it serves local users or operates within their territories. This has a profound implication: Providers based in non participating jurisdictions — such as Singapore, the British Virgin Islands, the United Arab Emirates, or the United States — may still face CARF compliance as early as 2026 if they have customers in countries enforcing the CARF or DAC8. It is anticipated that when an RCASP's home jurisdiction participates in a multilateral exchange aligned with the CARF, duplicate reporting will be avoided. The United Kingdom has confirmed CARF implementation from 1 January 2026 through amendments to its International Tax Compliance Regulations, while Australia announced implementation from 1 July 2026 through its Treasury Laws Amendment (2025 Measures) Act. Japan and South Korea have also confirmed 2027 implementation timelines. This expansive reach underscores the need for global crypto platforms to prepare for compliance far beyond their immediate borders.

## 3.3 Strengthening Compliance Clarity Amid Rapid Change.

On July 30 the OECD released a pivotal update to its Crypto-Asset Reporting Framework (CARF) FAQs,[3] decisively addressing long-standing uncertainties among operators and consultants. These clarifications cover critical areas such as decentralized finance, non fungible tokens, mergers and acquisitions transactions, and coordination with other regulatory regimes, marking a significant leap toward regulatory clarity.

The July 2025 FAQs expanded from 35 to 52 questions, with particular focus on DeFi governance structures and the interaction between CARF and anti-money laundering frameworks. Commentators have described this update as an important milestone in stabilizing the compliance landscape for crypto platforms, giving them greater confidence and precision in navigating evolving requirements.

In the FAQs the OECD clarifies that not all NFTs fall under the CARF reporting requirements. Tokens may be exempt if they do not represent financial instruments, aren't marketed as investments, and aren't classified as virtual assets under anti-money-laundering rules. Key practical criteria include a low token value (for example, below $200) and the absence of an active trading market. However, thresholds and rules may vary by country, meaning small NFT collectors face reduced CARF risks, but ultimate compliance depends on individual jurisdictions' interpretations. The USD 200 de minimis threshold aligns with guidance from the Financial Action Task Force (FATF) on virtual asset materiality. According to NonFungible.com data, approximately 87% of NFT transactions in 2025 fell below this threshold, though high-value NFT art and collectibles markets continue to present compliance considerations. Thresholds and rules may

nonetheless vary by country, meaning that small NFT collectors face reduced CARF risk, but ultimate compliance depends on individual jurisdictions' interpretations.
Moreover, in FAQs Section III (2), the OECD clarifies that in crypto M&A transactions, acquiring entities can rely on the due diligence and customer data of the acquired company — covering individual users, companies, and controlling entities — provided there are no doubts about accuracy or significant changes. This vital guidance eases compliance amid accelerating consolidation driven by stricter licensing regimes. It reduces operational burdens, allowing smoother transitions and greater flexibility for platforms navigating M&As.

Entities already recognized as financial institutions under the CRS — except certain investment entities — are now also considered excluded entities under the CARF. This alignment eliminates duplicate classifications and simplifies compliance, streamlining reporting processes. However, key issues remain unresolved, notably the classification of tokenized financial instruments and “true” stablecoins, categorized by the OECD as “specified electronic money products.” Further guidance on these areas is urgently needed to close existing gaps.[4]

The OECD updated its Crypto-Asset Reporting Framework (CARF) FAQs in December 2025, introducing key clarifications compared to the July version. These changes address nexus rules, reporting reliance, stablecoins, and tokenized assets, aiding compliance for Reporting Crypto-Asset Service Providers (RCASPs).

Key Topics as followed:

**A. Nexus via Branches**
Where an RCASP’s primary nexus to a jurisdiction stems from a branch, CARF obligations apply to the entity's relevant transactions overall—not just branch-booked ones. During initial staggered implementation years, jurisdictions may permit limiting reports to branch-effectuated transactions only. The phrase "first years of initial staggered implementation" remains ambiguous and merits further OECD guidance.

**B. Customer Location and Nexus.**
Having customers in a jurisdiction does not alone establish a "regular place of business" nexus under CARF. A physical or operational presence is still required, aligning with DAC8's Crypto-Asset Operator (CAO) scope.

**C. Reliance on Third Parties.**
RCASPs can now rely on third parties for reporting, subject to specified conditions on due diligence and data handling. Solutions like Taxbit support this process.

**D. Tokenized Financial Assets.**
Digitally issued or tokenized financial assets are excluded from CARF's "Crypto-Asset" definition if disintermediation is impossible—e.g., they require custodial accounts with

Depository Institutions or issuer-controlled ledgers for transfers. Assets enabling decentralized holding/transfer qualify as Crypto-Assets, with jurisdictions optionally shifting them to CRS reporting.

**E. True Stablecoins (SEMPS).**

Specified Electronic Money Products (SEMPS, e-money-like stablecoins) fall under CRS; others under CARF. Redemption must be possible "at any time and at par value" in the same fiat—substantive limits disqualify it, but procedural ones (e.g., AML checks, fees, business hours) are allowed if par value is preserved. RCASPs can rely on regulatory approvals for classification.

# 4. Future Outlook.

Although jurisdictions will adopt different timelines and methods, the global direction is unmistakable: tax authorities are decisively extending their reach to digital assets through CARF and a revamped CRS. The regulatory convergence extends beyond tax transparency: the FATF published its seventh Targeted Update on the implementation of Recommendation 15 (virtual assets) on 16 July 2026, finding that 83% of surveyed jurisdictions have now introduced legislation implementing the Travel Rule — up from 73% in 2025 — and warning that criminal use of virtual assets has become significantly more complex, driven by AI-enabled fraud, decentralised finance, offshore VASPs, unhosted wallets and the growing misuse of stablecoins. Meanwhile, the International Organization of Securities Commissions (IOSCO) published its final Policy Recommendations for Crypto and Digital Asset Markets in November 2023, establishing global baseline standards for investor protection that complement CARF's tax transparency objectives. For crypto platforms and financial institutions, the only prudent course is to invest early in robust compliance infrastructure, conduct meticulous legal reviews and engage proactively with tax authorities. This approach will be essential to navigate evolving obligations and reduce exposure to regulatory and reputational risk. The future favors those who prepare now.

Each jurisdiction will shape its own regulatory framework, but the OECD advocates a rigorous, graduated sanctions model. This includes significant financial penalties for failing to collect or report required data, stringent administrative fines for errors or delays, and severe operational consequences such as bank blacklisting or licence revocation. Early enforcement actions provide guidance on likely penalty severity: in 2025, Germany's Federal Central Tax Office (Bundeszentralamt für Steuern) imposed administrative fines of up to EUR 50.000 per reportable account for CRS reporting failures, while France's Direction Générale des Finances Publiques indicated that CARF non-compliance would attract penalties equivalent to those under existing CRS frameworks (up to EUR 1.500 per omission or error). In Asia-Pacific, Singapore enacted its Income Tax (International Tax Compliance Agreements) (Crypto-Asset Reporting Framework) Regulations 2026 in August 2026 and will commence CARF exchanges with partner jurisdictions from September 2028, underscoring the framework's expanding global reach. Beyond legal penalties, non-compliance risks serious reputational damage and business disruption, particularly for platforms operating across multiple jurisdictions where scrutiny is intense and public trust is paramount. In this environment, compliance is not optional; it is essential for survival and credibility.

# 5. CONCRETE USE CASES

The following use cases illustrate how the regulatory frameworks analysed in this document — MiCA, CARF, CRS and DAC8 — operate in practice. Each scenario is drawn from realistic fact patterns that crypto platforms, financial institutions and their advisers are increasingly encountering.

## 5.1 Use Case 1: A Centralized Exchange Seeking EU Market Access Under MiCA.

**Scenario:** A Singapore-based centralized crypto exchange ("ExchangeCo") has a large European user base and currently operates without an EU licence, relying on reverse solicitation. Following MiCA's entry into force, ExchangeCo wishes to formalize its EU presence.

**Regulatory Analysis:** Under MiCA, any company wishing to offer crypto-related services within the EU must adhere to rigorous standards covering security, consumer protection and operational transparency. Offshore entities that fail to meet these requirements will effectively lose their right to serve European clients, opening the door for compliant businesses to grow their market share and build deeper trust with retail users and institutional investors alike.

A key feature of MiCA is the passporting mechanism: a firm licensed in any single EU Member State is entitled to operate freely across the entire bloc, significantly lowering the barrier to scaling operations and making Europe an attractive launchpad for crypto businesses with pan-European ambitions.

Under DAC8, any platform serving EU residents — even through reverse solicitation, where users actively seek out the service — must register in an EU Member State, begin collecting customer data from 1 January 2026, and start reporting in 2027.

**Practical Steps:** ExchangeCo should select a single EU Member State in which to obtain authorization, leverage the MiCA passport to serve clients bloc-wide, and simultaneously build the data collection infrastructure required by DAC8 from 1 January 2026.

## 5.2 Use Case 2: A Decentralised Exchange Assessing Its CARF Obligations.

**Scenario:** A decentralised exchange ("DEX Protocol") operates via smart contracts, has no legal headquarters and is governed by a decentralised autonomous organization (DAO). Its developers hold administrative keys and participate in governance votes. The platform argues that it is not a Reporting Crypto-Asset Service Provider (RCASP) because it has no custody of user funds.

**Regulatory Analysis:** The OECD confirmed that non-custodial providers — which may include DEX platforms — can qualify as Reporting Crypto-Asset Service Providers (RCASPs) if they facilitate exchange transactions for users. This signals that decentralization alone does not exempt a platform from reporting obligations; what matters is the degree of control exercised over the trading environment.

The "sufficient control or influence" test exposes operators who hold any governance power — such as administrative keys, decentralised autonomous organization participation, smart contract management, or protocol promotion — to CARF obligations. While this area remains evolving, the OECD's message is clear: decentralization alone does not shield platforms from compliance.

Certain decentralised finance platforms and protocols, where active control or financial benefit is evident, fall within the definition of RCASPs.

**Practical Steps:** DEX Protocol's developers must assess whether their governance activities and administrative key-holding constitute "sufficient control or influence." Given the OECD's broad interpretation, they should seek legal advice, document classification decisions carefully and consider restructuring governance to reduce compliance exposure, while monitoring further OECD guidance on this evolving test.

## 5.3 Use Case 3: A Custodial Wallet Provider Preparing for CARF Reporting.

**Scenario:** A custodial wallet provider ("WalletCo"), licensed in the EU, serves users across 12 Member States. It is preparing for its first CARF/DAC8 reporting cycle in 2027 and must assess whether its existing onboarding and data systems are adequate.

**Regulatory Analysis:** RCASPs must critically examine whether their onboarding and transaction monitoring processes capture the full spectrum of information required under CARF. This includes tax residency and taxpayer identification numbers — ensuring that onboarding systems gather verified tax information at the point of entry — wallet-to-wallet transfers, requiring systems capable of distinguishing between hosted and self-hosted wallet transfers, and transaction valuation, requiring mechanisms to calculate the fiat currency equivalents of all cryptoasset transactions with precise time-stamping.

DAC8 requires crypto-asset service providers to collect and share detailed information on user transactions, including Tax Identification Numbers (TINs), making it far easier for tax authorities to match transaction data to individual taxpayers and identify evasion.

The OECD's XML Schema for CARF reporting introduces standardised transaction categories including airdrops, staking and mining income, crypto lending activity, transfers

from other reporting entities, payments for goods or services, and miscellaneous transactions.

**Practical Steps:** WalletCo should conduct a gap analysis of its onboarding flows to ensure TINs are collected at the point of entry, implement systems capable of distinguishing hosted from self-hosted wallet transfers, establish fiat-equivalent valuation and time-stamping mechanisms, and align its data outputs with the OECD's XML Schema. WalletCo must also make a strategic early decision between in-house development of compliance infrastructure and adoption of a third-party regulatory technology platform to manage data processing, validation and submission at scale.

### 5.4 Use Case 4: A Financial Institution Reporting Indirect Crypto Exposure Under the Revised CRS.

**Scenario:** A traditional EU bank ("BankCo") offers exchange-traded products (ETPs) and structured notes linked to Bitcoin and Ethereum to retail and institutional clients. BankCo assumes that, because it does not hold or transfer cryptoassets directly, it has no crypto-specific reporting obligations.

**Regulatory Analysis:** The revised CRS will require financial institutions to disclose client exposure to cryptocurrencies through traditional financial instruments — for example, derivatives, exchange-traded products or structured notes that track the value of cryptoassets. This measure reflects regulators' growing concern that crypto exposure can be masked within conventional portfolios, and it strengthens authorities' ability to trace wealth in an asset class long associated with opacity.

For the first time, the CRS will extend to cover central bank digital currencies and selected e-money instruments, including prepaid debit cards and digital wallets issued by licensed financial institutions.

The updated CRS introduces more rigorous procedures for identifying account holders and controlling persons, with particular attention to passive non-financial entities, closing long-standing loopholes and improving the quality and reliability of the data exchanged.

**Practical Steps:** BankCo must update its CRS reporting logic to capture client exposures to crypto-linked ETPs and structured notes, extend enhanced due diligence procedures to relevant account holders, and ensure its systems are ready for the 2026 implementation date and the first reporting cycle in mid-2027.

### 5.5 Use Case 5: A Crypto Platform Navigating an M&A Transaction Under CARF.

**Scenario:** A licensed EU CASP ("AcquirerCo") is acquiring a smaller crypto brokerage ("TargetCo") that holds a significant user dataset covering individual clients, corporate

accounts and their controlling persons. AcquirerCo is concerned about whether it must restart the entire CARF due diligence and KYC process for all of Target Co's users from scratch.

**Regulatory Analysis:** In FAQ Section III (2), the OECD clarifies that in crypto M&A transactions, acquiring entities can rely on the due diligence and customer data of the acquired company — covering individual users, companies and controlling entities — provided there are no doubts about accuracy or significant changes. This guidance eases compliance amid accelerating consolidation driven by stricter licensing regimes, reducing operational burdens and allowing smoother transitions for platforms navigating M&A activity.

A CASP authorised in one Member State need not satisfy additional or duplicated reporting requirements in other EU countries, which reduces administrative complexity for compliant businesses post-acquisition.

**Practical Steps:** AcquirerCo should conduct thorough pre-completion due diligence on Target Co's existing KYC and CARF data to confirm its accuracy and completeness. Where no material doubts arise, AcquirerCo may rely on this data post-closing rather than repeating the onboarding process. Any identified gaps - particularly regarding TINs or self-hosted wallet classifications - should be remediated before the first consolidated reporting cycle.

## 5.6 Use Case 6: A Global Stablecoin Issuer Determining Its Reporting Regime.

**Scenario:** A stablecoin issuer ("StableCo") has issued two products: (i) a euro-pegged stablecoin redeemable at any time at par value in euros, subject only to standard AML checks and a small processing fee; and (ii) a multi-currency basket stablecoin with redemption restrictions tied to market liquidity. StableCo needs to determine whether its products fall under CARF or CRS.

**Regulatory Analysis:** Specified Electronic Money Products (SEMPs - e-money-like stablecoins) fall under the CRS; other stablecoins fall under CARF. Redemption must be possible "at any time and at par value" in the same fiat currency; substantive limits on redemption disqualify a product from SEMP status, but procedural conditions (such as AML checks, fees or business hours) are permitted provided par value is preserved. RCASPs can rely on regulatory approvals for classification purposes.

Key issues remain unresolved, notably the classification of tokenized financial instruments and "true" stablecoins categorized by the OECD as "specified electronic money products" (SEMPs). Further guidance on these areas is urgently needed to close existing gaps.

**Practical Steps:** Stable Co's euro-pegged product is likely to qualify as a SEMP and fall under the revised CRS, given that its redemption conditions are purely procedural and par value is preserved. The multi-currency basket product, carrying substantive redemption

limits, would likely fall under CARF. StableCo should document its classification rationale carefully and monitor further OECD guidance, given the acknowledged uncertainty in this area.

## 5.7 Use Case 7: An NFT Marketplace Assessing Its CARF Exposure.

**Scenario:** An NFT marketplace ("NFTMarket") facilitates the trading of digital art and gaming items. Most tokens trade at prices below USD 200 and do not have an active secondary market. NFTMarket wishes to understand whether it qualifies as an RCASP and must comply with CARF.

**Regulatory Analysis:** In the FAQs, the OECD clarifies that not all NFTs fall under CARF reporting requirements. Tokens may be exempt if they do not represent financial instruments, are not marketed as investments, and are not classified as virtual assets under anti-money-laundering rules. Key practical criteria include a low token value (for example, below USD 200) and the absence of an active trading market. Thresholds and rules may nonetheless vary by country, meaning that small NFT collectors face reduced CARF risk, but ultimate compliance depends on individual jurisdictions' interpretations.

NFT reporting thresholds remain undefined, and the industry awaits the Financial Action Task Force's final guidelines, expected to clarify accountability within decentralised protocols.

**Practical Steps:** NFTMarket should conduct a jurisdiction-by-jurisdiction analysis of its token catalogue, segregating items that clearly fall below the USD 200 threshold and lack active trading markets. It should document the criteria applied for each token category, monitor FATF and OECD guidance as it develops, and build monitoring systems to flag tokens that migrate out of the exempt category over time.

*This section is illustrative and does not constitute legal, tax or investment advice. Readers should seek specific professional advice in relation to their individual circumstances.*

[1] OECD, Common Reporting Standard (CRS) Automatic Exchange of Financial Account Information (revised Oct. 2016).

[2] To support implementation, the OECD has released detailed user guides for the CRS and the CARF, specifying mandatory electronic reporting formats (XML schemas) for tax authorities and reporting entities. The CARF guide focuses on aggregate reporting of assets, transfer values, and wallet addresses, while the updated CRS guide strengthens account metadata with new digital product and due diligence fields. Both are highly prescriptive, with strict validation rules that can lead to data rejection if not followed precisely. For RCASPs and financial institutions, compliance demands more than legal adherence — it requires robust technical readiness. Firms must upgrade systems or partner with specialists to ensure data is accurately mapped and transmitted according to OECD standards.

[3] In its latest FAQs for the CARF, the OECD clarifies a critical misconception in the decentralized finance space: Noncustodial platforms are not automatically exempt from reporting. The new sufficient control or influence test exposes operators who hold any governance power — such as administrative keys, decentralized autonomous organization participation, smart contract management, or protocol promotion — to the CARF obligations. While this area remains evolving, the OECD's message is unequivocal: Decentralization alone does not shield platforms from compliance. Jurisdictions may delay applying the security test of cryptoassets, but responsibility hinges on real control, not architecture.

[4] The OECD updates bring much-needed clarity but leave key uncertainties unresolved. Jurisdictions will continue to interpret the sufficient control or influence test for decentralized finance, and NFT reporting thresholds remain undefined. Meanwhile, the industry awaits the Financial Action Task Force's final guidelines, expected to clarify accountability within decentralized protocols. Despite these gaps, it's clear that compliance is no longer optional — it's a technical and operational imperative as the digital asset space moves toward global tax transparency.

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