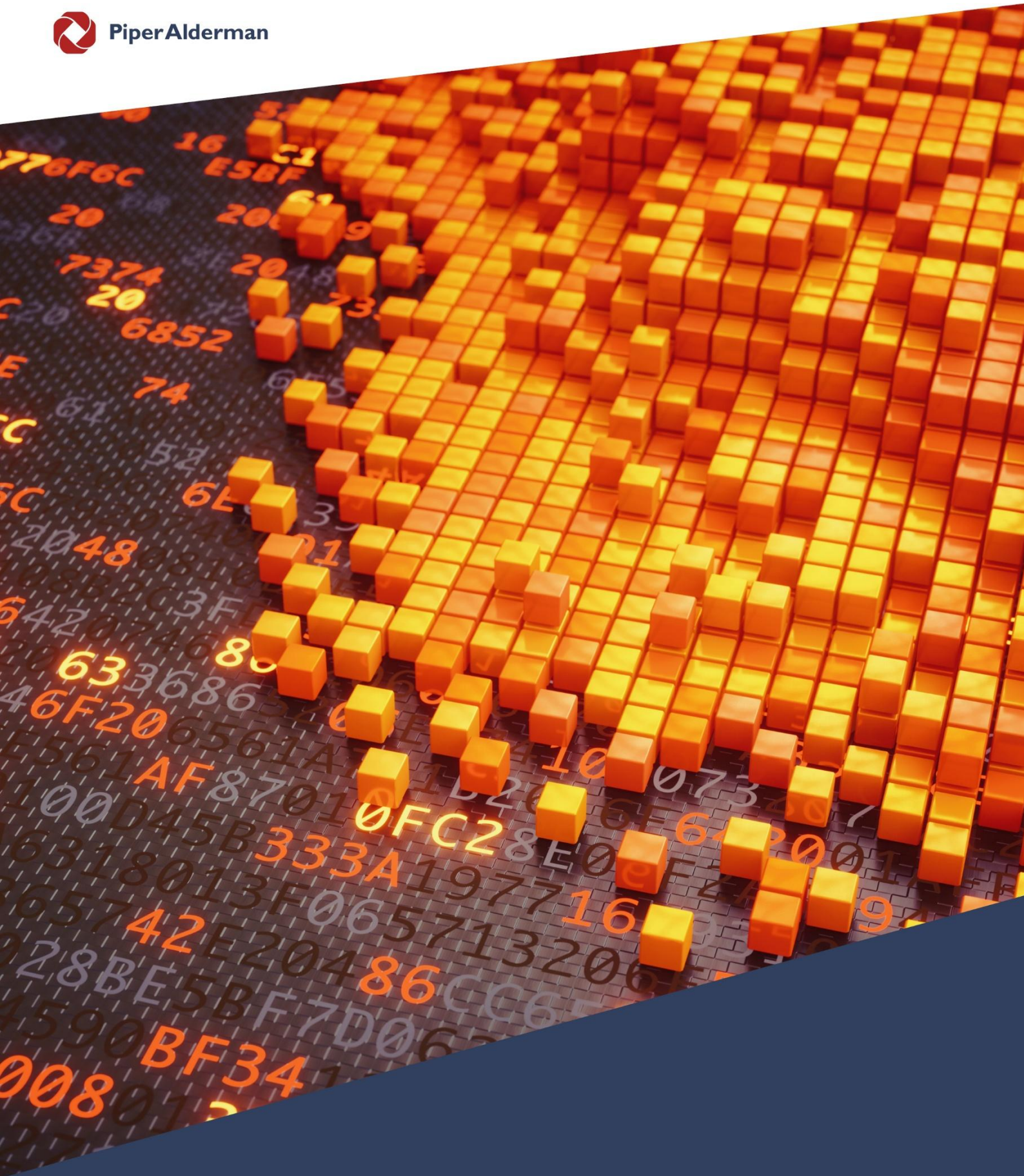




Submission to Treasury Consultation on *Treasury Laws
Amendment Bill 2026: Tax Information Reporting*

Crypto-Asset Tax Transparency Framework

Submission on Crypto-Asset Tax Transparency

Proposed implementation of CARF and the Domestic Crypto Reporting Regime

28 October 2026

Introduction

Piper Alderman welcomes the opportunity to comment on Treasury's draft legislation on crypto-asset tax transparency, the Treasury Laws Amendment Bill 2026: Tax Information Reporting (the **Bill**). We support Australia's participation in the OECD Crypto-Asset Reporting Framework (**CARF**) and improved domestic tax transparency.

Piper Alderman is one of Australia's oldest national law firms, with one of the country's largest specialist blockchain and digital assets teams. We advise Australian and global businesses in the digital economy and have contributed to key Government consultations on digital asset regulation over the past decade. Our approach is politically neutral and recognises the economic and social benefits of technology and innovation. We focus on how regulation works in practice for businesses and their customers and users. Our clients include start-ups, digital currency exchanges, financial institutions and investors. Our work spans product and regulatory advice, transactions, disputes, taxation and restructuring.

The principal author of this Submission is Katrina Sharman, Executive Counsel in Piper Alderman's Financial Services and Fintech team and Head of the Firm's Fractional GC and Embedded Counsel practice. Katrina has extensive fintech and blockchain experience in Australia and the United States, including supporting the practical implementation of CARF internationally.

The views expressed are the authors' and do not necessarily reflect those of Piper Alderman's partners.

This submission makes targeted comments on the policy and implementation choices most likely to affect crypto-asset tax reporting coverage, the quality of information available to the ATO and the cost of compliance. It recommends that Treasury and the ATO adopt three positions on the Domestic Crypto Reporting Regime (**DCRR**). First, CARF should be the default: depart from CARF concepts only where a clear domestic tax policy reason requires it. Second, the DCRR should operate as one system with CARF and the Common Reporting Standard (**CRS**), so that providers classify each customer, asset and transaction once. Third, each additional domestic requirement should deliver a demonstrable improvement in the information available to the Australian Taxation Office (**ATO**) that outweighs its compliance cost.

We would welcome further engagement with Treasury and the ATO as the framework develops.

Katrina Sharman

Executive Counsel

With thanks to Luke Higgins, Senior Associate and Jennifer Fu, Lawyer

Executive Summary

The OECD developed CARF as an international tax transparency framework for crypto-assets.¹ CARF is designed to enable the collection and automatic exchange of information on transactions in Relevant Crypto-Assets.² Its architecture is built around four elements: covered crypto-assets, reporting entities, reportable transactions and information, and due-diligence procedures.³

Australia proposes to implement CARF through regulations and Ministerial rules, and establish a separate domestic framework, the DCRR, alongside amendments to the CRS. The DCRR draws on Anti-Money Laundering and Counter-Terrorism Financing (**AML/CTF**) definitions developed for financial crime regulation rather than tax reporting, and we suggest their suitability for tax purposes be carefully considered. Inconsistent coverage and classifications may lead to incomplete or duplicate data, uncertainty for providers and additional reconciliation work for the ATO. They may also make it harder for businesses to develop and launch new products whilst delivering the information it requires to assess taxpayers' obligations.

The explanatory materials state an intention to minimise additional compliance burdens.⁴ The recommendations set out below are intended to assist in giving that objective practical effect.

- **Alignment.** Use established CARF concepts as the default position with Australia-specific departures only where necessary for domestic tax reporting. Resolve provider and asset coverage differences, publish asset-classification guidance and clarify the obligations under each regime. Allow providers to reuse classifications and source data where requirements overlap (Parts 1–3).
- **Interoperability.** Reuse compliant customer information, self-certifications, tax-residence determinations, classifications and systems wherever requirements overlap, including through ATO-AUSTRAC information-sharing mechanisms where appropriate. Justify any quarterly DCRR reporting requirement and consult on reporting periods and lodgement deadlines (Part 4).
- **Proportionality.** Consider each additional data field against its tax value, privacy impact and implementation cost, and require information such as bank details only where relevant and held (Part 5).
- **Coordinated regulatory change.** Subject AML/CTF changes that affect tax reporting to a tax impact assessment and coordination between Treasury, the ATO and the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), with a legal safeguard against unintended or retrospective changes in tax reporting coverage (Part 6).
- **Legal architecture and delegated powers.** Clearly explain the obligations and their legal basis, identify Australian departures from CARF and consult on material domestic choices. Clarify the treatment of future CARF updates, penalties and corrections (Part 7).
- **Implementation and transition.** Publish the complete substantive and technical requirements 12 months before mandatory data collection, together with sample files and a test environment. Any shorter period should be supported by evidence of provider readiness and should not be less than six months. If the applicable period cannot be provided, defer commencement accordingly and provide transitional relief, including remission of penalties for good-faith implementation errors or delays during the initial DCRR period (Part 8).

¹ The CARF is a tax transparency framework that aims to provide a minimum international standard for the automatic exchange of crypto-related account information: Exposure Draft Explanatory Materials, Treasury Laws Amendment Bill 2026: Tax Information Reporting (**Exposure Draft Explanatory Materials**), para 1.28; see also para 1.5.

² OECD, International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 Update to the Common Reporting Standard (October 2023) (**OECD CARF**), Introduction, para 7-9.

³ OECD CARF, Introduction, para 10; see also Commentary on Section V, para 1.

⁴ Exposure Draft Explanatory Materials, para 1.8.

1. Alignment with CARF

CARF defines Reporting Crypto-Asset Service Providers (**RCASPs**), Relevant Crypto-Assets, Relevant Transactions and Reportable Users. Its perimeter focuses on providers that effectuate Exchange Transactions for or on behalf of customers, including acting as counterparty, intermediary or making available a trading platform.⁵

The DCRR instead draws on AML/CTF concepts developed for financial crime regulation. Those concepts may also be appropriate for tax reporting, but their use should be tested against the information the ATO requires. Extending reporting to Australian residents does not, of itself, justify each departure from the CARF definitions. There may be a case for additional domestic reporting. CARF does not capture all information potentially relevant to a taxpayer's crypto-asset activity or tax position. Chainalysis, for example, identifies gaps in CARF reporting and the potential role of blockchain data in tax administration.⁶

International approaches vary. The UK extends CARF reporting to domestic residents.⁷ Brazil's DeCripto incorporates CARF concepts while also applying Anti-Money Laundering and Know Your Customer (**AML/KYC**) principles and additional domestic reporting requirements.⁸ The question for Australia is therefore what additional information the ATO requires, and whether each departure from CARF is necessary and proportionate to obtaining that information.

Recommendation 1

We recommend adopting CARF concepts as the default for the DCRR. Treasury should reconsider each departure from established CARF concepts and only retain departures needed to obtain additional domestic tax information. For each retained departure, the final framework should identify the domestic tax purpose and expected compliance benefit. Providers should be able to reuse existing CARF processes wherever requirements overlap.

2. Service provider coverage

Under the AML/CTF Act, a "registrable virtual asset service" is a designated service covered by item 46A, 50A, 50B or 50C of table 1 in section 6, or by item 29 or 30 if the transfer of value involves a virtual asset, that is not provided by a financial institution or a casino and is not of a kind specified in the AML/CTF Rules.⁹ The explanatory materials summarise those services as exchange of virtual assets for money (and vice versa), exchange between virtual assets, safekeeping, transfer services and financial services connected with an offer or sale.¹⁰ By adopting that concept, the DCRR imports a perimeter which, compared with CARF's functional RCASP definition (described in Part 1), is wider in several respects and narrower in at least one.

⁵ OECD CARF, Section IV, para B(1); Commentary on Section IV, paras 21-28.

⁶ Chainalysis, 'What Blockchain Data Tells Us About \$457+ Billion in Potentially Taxable Crypto Activity' (26 August 2026), <<https://www.chainalysis.com/blog/crypto-tax-reporting-carf/>>.

⁷ HM Revenue & Customs, 'Domestic reporting of UK resident cryptoasset users under the Cryptoasset Reporting Framework' (Policy Paper, 26 November 2025), 'General description of the measure' and 'Policy objective', <<https://www.gov.uk/government/publications/cryptoasset-reporting-framework-reporting-of-uk-resident-cryptoasset-users/domestic-reporting-of-uk-resident-cryptoasset-users-under-the-cryptoasset-reporting-framework>>.

⁸ Receita Federal do Brasil, *Instrução Normativa RFB nº 2.291, de 14 de novembro de 2025* (17 November 2025), arts 1-2 and annexes.

⁹ AML/CTF Act, s 5 (definition of "registrable virtual asset service"), inserted by the Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024 (Cth), Sch 6, item 10.

¹⁰ Exposure Draft Explanatory Materials, para 1.31.

The table below sets out where the AML/CTF registrable-service test diverges from CARF, together with the potential consequences for DCRR reporting. The key question is not whether Australia may supplement CARF, but whether each point of divergence is necessary for the domestic tax transparency objective.

Coverage compared with CARF	Where the tests differ	Potential effect under the DCRR
Broader: custody and transfers	Item 46A captures a “virtual asset safekeeping service”, being a service in which virtual assets or private keys are controlled or managed for or on behalf of a customer, where provided in the course of carrying on a business as a virtual asset service provider. ¹¹ AUSTRAC considers this extends to multi-signature and other multi-person arrangements. ¹² Items 29 and 30 (accepting instructions to transfer value in the form of virtual assets, or making transferred virtual assets available) are registrable virtual asset services where the transfer involves a virtual asset. ¹³	A standalone custodian, a provider involved in the control of private keys, or a transfer provider may therefore fall within the DCRR but outside CARF’s provider test. Transfers by an RCASP remain reportable where CARF requires.
Broader: offer or sale services	Item 50C captures designated services provided in connection with the offer or sale of a virtual asset “in the course of carrying on a business participating in the offer or sale”. ¹⁴ AUSTRAC’s guidance states that the business “doesn’t need to be a VASP” and the service is captured even if provided as a one-off. ¹⁵	A participant may meet the DCRR test, the CARF test or both. Reporting responsibility depends on actual functions, customer relationships and access to transaction data – not involvement in an issuance alone. This may bring issuers’ advisers and distribution participants under the DCRR, who would not otherwise be crypto-asset service providers, and who are unlikely to hold user-level transaction data.
Overlapping: arrangers and platforms	Items 50A and 50B extend to “making arrangements for” an exchange; AUSTRAC states this may include operating a peer-to-peer exchange platform, and acting as principal, central counterparty, executing facility or other intermediary. ¹⁶	A platform operator may face DCRR reporting obligations for transactions it does not itself execute or record. Depending on its functions, the operator may also fall within CARF’s provider test.

¹¹ AML/CTF Act, s 5 (definition of “virtual asset safekeeping service”) and s 6(2), table 1, item 46A.

¹² AUSTRAC, “Virtual asset designated services”, <<https://www.austrac.gov.au/new-austrac/designated-services-newly-regulated-entities/virtual-asset-designated-services>>.

¹³ AML/CTF Act, s 5 (para (a)(ii) of the definition of “registrable virtual asset service”); Exposure Draft Explanatory Materials, para 1.31; AUSTRAC, “Virtual asset designated services”, <<https://www.austrac.gov.au/new-austrac/designated-services-newly-regulated-entities/virtual-asset-designated-services>>.

¹⁴ AML/CTF Act, s 6(2), table 1, item 50C.

¹⁵ AUSTRAC, “Virtual asset designated services”, <<https://www.austrac.gov.au/new-austrac/designated-services-newly-regulated-entities/virtual-asset-designated-services>>.

¹⁶ AML/CTF Act, s 6(2), table 1, items 50A and 50B; AUSTRAC, “Virtual asset designated services”, <<https://www.austrac.gov.au/new-austrac/designated-services-newly-regulated-entities/virtual-asset-designated-services>>.

Narrower: financial institutions and casinos	A designated service is not a registrable virtual asset service if it is provided by a financial institution or a casino. ¹⁷	An authorised deposit-taking institution or other financial institution offering crypto exchange or custodial service to Australian customers may fall outside the DCRR, ¹⁸ even where it meets the separate CARF or amended CRS reporting tests. This could leave gaps in domestic transaction data and subject comparable services to different reporting obligations depending on the provider's status.
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Geographical limits may also leave gaps in domestic reporting. If the DCRR adopts the AML/CTF geographical-link requirement,¹⁹ offshore providers serving Australian residents may fall outside the regime where that link is absent. The ATO may receive information through overseas CARF reporting and international exchange, but that is a separate reporting pathway.

Recommendation 2

We recommend using CARF's provider test as the starting point for the DCRR. The final framework should justify any wider coverage, resolve exclusions that leave domestic reporting gaps, and clarify the business threshold and geographical limits. Comparable services should receive consistent tax reporting treatment.

Where several providers serve the same user in the same transaction, permit one provider to report the common information for the others under a written allocation, with filing confirmation retained by each. We encourage Treasury to publish relevant examples, such as for an introducing broker using an executing exchange, an offshore platform with an Australian affiliate and a standalone custodian. We also recommend that Treasury confirm whether the DCRR imports the AML/CTF geographical-link requirement and whether reporting depends on registration or on providing the relevant service, including while an AUSTRAC application is pending.

3. Asset coverage

The AML/CTF Act defines a virtual asset as a digital representation of value that functions as a medium of exchange, store of economic value, unit of account or investment, or that enables a person to vote on the management, administration or governance of arrangements connected with a digital representation of value, which is not issued by or under the authority of a government body and may be transferred, stored or traded electronically.²⁰ The AML/CTF Rules may prescribe additional kinds.²¹ Money, value used exclusively within an electronic game, customer loyalty or reward points, similar non-convertible items and items prescribed by the AML/CTF Rules are excluded.²²

The table below compares the AML/CTF virtual asset definition with CARF's asset coverage and identifies potential consequences for DCRR reporting. The key question is whether each difference in asset coverage is necessary for the domestic tax transparency objective.

¹⁷ AML/CTF Act, s 5 (para (b) of the definition of "registrable virtual asset service").

¹⁸ Exposure Draft, Treasury Laws Amendment Bill 2026: Tax information reporting (**Exposure Draft**), item 5.

¹⁹ AML/CTF Act, ss 5-6; AUSTRAC, "Geographical link requirement", <<https://www.austrac.gov.au/industry-and-business/your-industry/virtual-asset-service-providers/virtual-asset-service-providers-overview>>.

²⁰ AML/CTF Act, s 5B(1); summarised in Exposure Draft Explanatory Materials, para 1.33.

²¹ AML/CTF Act, s 5B(3).

²² AML/CTF Act, s 5B (4).

Coverage compared with CARF	Where the tests differ	Potential effect under the DCRR
Potentially broader: stablecoins and electronic money	AUSTRAC identifies stablecoins (such as USDC, USDT, DAI and AUDD) as virtual assets. ²³ The amended CRS, however, introduces “Specified Electronic Money Products” (SEMP), broadly digital representations of a single fiat currency that are issued on receipt of funds, accepted as a means of payment and redeemable at par, and these are excluded from Relevant Crypto-Assets under CARF.	A fiat-backed stablecoin could be reportable under the DCRR as a virtual asset and under the CRS as a SEMP. This can create overlapping obligations without equivalent information: CRS account reports do not necessarily supply DCRR transaction data.
Function-dependent: NFTs	The explanatory materials to the DCRR state that “[v]irtual assets include digital currencies and NFTs”. ²⁴ AUSTRAC’s guidance is more qualified: NFTs that do not function as a medium of exchange, store of economic value or investment (such as purely collectible NFTs and social media avatars) are outside the definition. ²⁵	The difference between the explanatory materials and AUSTRAC guidance may leave providers uncertain whether particular NFTs require domestic reporting, including where they fall outside CARF.
Potentially broader: governance tokens	Section 5B(2) of the AML/CTF Act treats a governance token as a virtual asset whether or not it functions as a means of payment or investment. ²⁶ By contrast, CARF excludes Crypto-Assets that the RCASP has adequately determined cannot be used for payment or investment purposes. ²⁷	A governance token may require domestic reporting even though it is excluded from CARF, requiring a separate asset classification for the DCRR.
Potentially narrower: tokenised financial instruments	AUSTRAC excludes a mere digital representation of an underlying asset where the underlying asset, rather than the digital representation, is transferred, stored or traded electronically. ²⁸ CARF may nevertheless capture a tokenised financial instrument as a Relevant Crypto-Asset, while the amended CRS separately captures indirect investment in Relevant Crypto-Assets through derivatives and investment vehicles. ²⁹	An instrument captured by CARF may fall outside DCRR asset coverage. Providers may need separate classifications across CARF, the DCRR and the CRS, with different reporting outcomes for the same product.

Recommendation 3

²³ AUSTRAC, “Virtual asset designated services”, <<https://www.austrac.gov.au/new-austrac/designated-services-newly-regulated-entities/virtual-asset-designated-services>>.

²⁴ Exposure Draft Explanatory Materials, para 1.34; see also para 1.6.

²⁵ AUSTRAC, “Virtual asset designated services”, <<https://www.austrac.gov.au/new-austrac/designated-services-newly-regulated-entities/virtual-asset-designated-services>>; see AML/CTF Act, s 5B(4)(d).

²⁶ AML/CTF Act, s 5B(2); AUSTRAC, “Virtual asset designated services”, <<https://www.austrac.gov.au/new-austrac/designated-services-newly-regulated-entities/virtual-asset-designated-services>>.

²⁷ OECD CARF, Section IV, para A(2); Commentary on Section IV, paras 9-12 (including initial reliance on the FATF virtual-asset classification: para 10).

²⁸ AUSTRAC, “Virtual asset designated services”, <<https://www.austrac.gov.au/new-austrac/designated-services-newly-regulated-entities/virtual-asset-designated-services>>.

²⁹ Exposure Draft Explanatory Materials, para 1.59; for CARF, see OECD CARF, Introduction, para 28 (indirect investments in Relevant Crypto-Assets through derivatives or investment vehicles are covered by the CRS).

The ATO should consider publishing an asset classification guidance covering at least stablecoins, NFTs, governance tokens, wrapped and bridged tokens, tokenised securities and crypto derivatives. For each category, provide examples of included and excluded products and identify the applicable CARF, DCRR and CRS obligations. Where requirements overlap, providers should be able to reuse classifications and source data.

4. Interoperability and reliable information

CARF already requires tax-residence due diligence, identification of relevant Controlling Persons, transaction classification, specified transaction reporting and record keeping.³⁰ CARF also expressly permits reliance on qualifying CRS due diligence procedures and qualifying self-certifications collected for other tax purposes.³¹ The OECD has therefore already adopted an interoperability principle in designing the interaction between CARF and CRS. Its Introduction explains measures designed to reduce reporting burdens and coordinate the two frameworks³². The amended CRS likewise allows financial institutions to rely on AML/KYC procedures to identify controlling persons where those procedures are consistent with the 2012 FATF Recommendations.³³ Reporting frequency also affects interoperability, although this submission does not address it in detail. A domestic cycle that differs from CARF's annual cycle may require providers to process and reconcile the same activity at different intervals.³⁴

The same consideration applies to information already collected under the AML/CTF framework. The AML/CTF Act provides statutory mechanisms for AUSTRAC information to be accessed and used for certain taxation purposes.³⁵ Where relevant information is already available to the ATO through those mechanisms, the DCRR should avoid requiring industry to report substantially the same information again.

Recommendation 4

The same principle should apply to the relationship between Australia's CARF and DCRR. Providers should be able to reuse compliant customer information, tax-residence determinations, due-diligence outputs, product classifications and relevant reporting infrastructure wherever the requirements overlap. Existing ATO–AUSTRAC information-sharing mechanisms should also be used or modified, where appropriate, to minimise duplicative reporting. Any separate DCRR process should be confined to genuinely additional Australian requirements.³⁶

Any quarterly DCRR reporting requirement should be justified by the value of more frequent information to the ATO, with consultation on the reporting period and lodgement deadline. Where the cycle differs from CARF, providers should be able to reuse systems and avoid duplicate processing.

³⁰ OECD CARF, Sections II (reporting requirements) and III (due diligence procedures, including record keeping in para D(3)).

³¹ OECD CARF, Section III, para D(1); Commentary on Section III, paras 48-49; see also Commentary on Section III, paras 39 and 45 (reliance on CRS and FATCA self-certifications). The RCASP remains subject to the other elements of Section III: Commentary on Section III, para 49.

³² Exposure Draft Explanatory Materials, para 1.52; OECD CARF, Introduction, para 28

³³ Exposure Draft Explanatory Materials, para 1.64.

³⁴ Australian Treasury, "Crypto Asset Reporting Framework and related amendments" (consultation, 21 November 2024-24 January 2025); OECD CARF, Executive Summary.

³⁵ AML/CTF Act, ss 5, 49, 125-126.

³⁶ VASPs already hold substantial AML/CTF data: they must conduct initial customer due diligence before providing a designated service, and must determine wallet type and pass on prescribed travel rule information for virtual asset transfers: AUSTRAC, "Overview of initial customer due diligence", <<https://www.austrac.gov.au/industry-and-business/obligations-and-guidance/your-amlctf-program/customer-due-diligence/initial-customer-due-diligence/overview-initial-customer-due-diligence>>; AML/CTF Act, s 66A.

5. Proportionate transaction reporting

CARF requires specified information by type of Relevant Crypto-Asset across acquisitions and disposals against fiat, crypto-to-crypto transactions, Reportable Retail Payment Transactions and other Transfers.³⁷ CARF's reported transaction information is aggregated by category and type of Relevant Crypto-Asset.³⁸

In contrast, the current Australian proposal contemplates a more granular domestic dataset, including transaction-level information such as the current asset name, any previous name and date of name change, date and time, AUD value and transaction ID.³⁹ This creates a materially different data and reporting requirement even where the underlying economic activity overlaps with CARF.

The identification information is also expected to include the provider's tax residence, TFN, ABN, AUSTRAC identification number and current and previous addresses, and users' names, addresses, ABNs, bank account details and entity types.⁴⁰

Recommendation 5

Treasury should reconsider each field additional to CARF and remove those unnecessary for the domestic tax information sought. Fields that materially increase collection, reconciliation or requirements for resolving missing or inconsistent information should be retained only where that additional burden is proportionate to the expected compliance benefit. The technical specification should, as far as possible, use CARF-compatible concepts and data structures. Users' bank account details should be required only where held and necessary for the identified tax reporting purpose. Crypto-to-crypto users and users funding accounts with virtual assets may have no linked bank account. Requiring additional collection would increase the amount of sensitive financial information held and disclosed, without necessarily giving the ATO more useful information.

6. Coordinated AML/CTF and tax policy change

Reliance on AML/CTF definitions creates an ongoing risk: changes to services, assets or exclusions under the AML/CTF Act or Rules may alter tax reporting obligations without any amendment to the taxation provisions. A change justified by financial crime risk may not be justified for tax reporting, or suitable on the same timetable.

Recommendation 6

- **Tax impact assessment.** Before finalising an AML/CTF amendment with downstream tax effects, identify the affected entities, assets, transactions and data requirements, and the consequences for systems and existing reporting periods.
- **Treasury consultation and coordinated commencement.** Treasury, the ATO, AUSTRAC and the responsible AML/CTF policymakers should coordinate the tax consequences before commencement, giving providers a single, clear explanation of what changes, why and when, with adequate implementation time.
- **An express legal safeguard.** We recommend amending the Bill to prevent subsequent AML/CTF changes from automatically expanding DCRR reporting obligations. The relevant definitions should be incorporated as at a specified date. Any expansion should apply prospectively through a separate tax-specific instrument or a transitional provision giving effect to an assessed change, with appropriate legislative authority and scrutiny. Providers should not have to reconstruct records for periods before the tax change takes effect.

³⁷ OECD CARF, Section II, para A(3)(a)-(i); Commentary on Section II, paras 6-7.

³⁸ OECD CARF, Section II, para A(3)(a)-(i); Commentary on Section II, paras 6 and 41 (aggregation of all transactions in each reporting category for each type of Relevant Crypto-Asset); Introduction, para 19.

³⁹ Exposure Draft Explanatory Materials, para 1.42.

⁴⁰ Exposure Draft Explanatory Materials, para 1.39.

7. Australia's CARF implementation architecture

The Bill leaves much of Australia's CARF regime to regulations and Ministerial rules.⁴¹ The DCRR follows a separate legislative pathway, alongside changes to the CRS. Industry needs a clear account of how these obligations fit together.

Implementing an OECD framework does not require reopening every aspect of CARF. Australian policy choices should, however, be clearly identified and subject to targeted consultation, particularly where they depart from CARF or impose additional obligations.

The final framework should identify the version of the OECD CARF rules adopted in Australia, explain how subsequent OECD amendments will be implemented and set out how corrections, penalties and remission operate across CARF and the DCRR. Proposed subsection 396-160(3) prevents an additional rules-based administrative penalty where an entity is liable to an administrative penalty under another taxation law for the same failure.⁴² In our view, a single underlying data error should not attract a penalty under each regime, including where it gives rise to separate reporting failures. Treasury and the ATO should explain how subsection 396-160(3) applies and ensure that statutory relief or remission prevents duplicate penalties for that error. Providers should have a coordinated process for correcting both reports, with clear guidance on the penalties and relief that may apply.

Recommendation 7

Treasury and the ATO should publish a consolidated explanation of the obligations and their legal basis, identify Australian departures from CARF and consult on material domestic choices. Ensure that a single underlying data error does not attract a penalty under each regime, through statutory relief or remission where required. Include worked examples showing how subsection 396-160(3) and any additional relief will achieve this outcome and how providers should correct both reports.

8. Implementation and transition

The proposed framework contemplates CARF information collection for the 2027 calendar year, with first reports in 2028. Providers must prepare for that timetable while the detailed requirements remain unsettled.

The proposed framework expands the scope and detail of information providers must collect and report, including data they do not currently hold. It also requires changes to the user journey, from onboarding and tax self-certification to requests for missing information and ongoing account updates. As this submission identifies, substantive questions remain about who must report, what information is required and how CARF, the DCRR and the revised CRS interact. Providers are therefore planning implementation while the CARF regulations and Ministerial rules are still being settled. They must address customer data gaps and design, build and test systems alongside substantial AML/CTF reforms, with potential rework as requirements develop. The period between finalisation of those requirements and commencement is relevant to both industry readiness and appropriate transitional arrangements.

⁴¹ Exposure Draft, Schedule, Parts 1–3, particularly proposed ss 396-155 and 396-160 and the amendments to s 396-55 of Schedule 1 to the Taxation Administration Act 1953 (Cth).

⁴² Exposure Draft, Schedule, Part 1, proposed s 396-160(3); Exposure Draft Explanatory Materials, para 1.21. The explanatory materials confirm that the provision prevents an additional rules-based penalty for the same failure. The DCRR reporting obligation is introduced separately through item 16 of the table in s 396-55. Whether one data error engages the protection depends on whether the penalties concern the same failure.

The UK made its CARF regulations on 24 June 2025 for commencement on 1 January 2026, providing just over six months between the regulations being made and taking effect.⁴³ This does not establish a minimum period for the DCRR, but illustrates the value of publishing operative requirements ahead of commencement.

Recommendation 8

Treasury should allow 12 months between publication of the complete DCRR requirements and mandatory data collection. Any shorter period should be supported by evidence of provider readiness and should not be less than six months. If the applicable implementation period cannot be provided before 1 July 2027, DCRR collection should be deferred accordingly. The ATO should also make sample files and a test environment available when the final specifications are published, so that providers have an adequate opportunity to complete and test the build.

For the first 12 months of DCRR, transitional treatment would be appropriate. This may include the publishing of a policy remitting penalties for reporting errors or delays where providers can demonstrate reasonable implementation steps and promptly remedy failures after notice (of course excluding deliberate non-compliance).

9. Conclusion

The Bill should be refined to ensure that domestic crypto-asset reporting obligations deliver useful tax information without unnecessary duplication or compliance costs. CARF should provide the starting point for the DCRR, with departures justified by a clear domestic tax purpose. As outlined in this submission, importing AML/CTF concepts without testing their suitability for tax reporting risks inconsistent coverage and overlapping obligations, without necessarily improving the information available to the ATO.

The targeted changes proposed in this submission would better align the framework with its tax transparency objectives. Clear reporting boundaries coordinated requirements across CARF, the DCRR and the CRS, and adequate implementation time would improve certainty for providers and the quality of reporting. A complete implementation package and appropriate transitional relief would support compliance while allowing businesses to build on existing systems and processes.

⁴³ Reporting Cryptoasset Service Providers (Due Diligence and Reporting Requirements) Regulations 2025 (UK), SI 2025/744, making date and reg 1.



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