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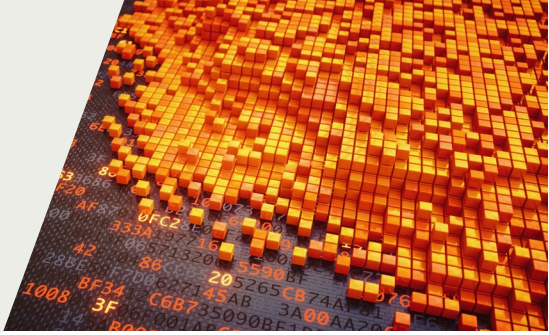
Evaluating Australia's suggested CARF and DCRR Approach



October 2026 | Australia's crypto tax reporting proposals: why closer alignment between CARF and domestic reporting matters

Two new regimes, one data set

For the first time, Australia is about to ask crypto-asset service providers to report customer and transaction data to the Australian Taxation Office (ATO) through different lenses. Treasury's consultation on the *Treasury Laws Amendment Bill 2026: Tax information reporting* closed earlier this week, and the policy and design choices made now will decide whether crypto-asset service providers build an integrated reporting system or separate processes for each regime.

The consultation has three parts. Part 1 proposes a framework for implementing the Organisation for Economic Co-operation and Development (OECD) Crypto-Asset Reporting Framework (CARF), with the detailed rules to follow in regulations and Ministerial rules. Part 2 proposes a new Domestic Crypto Reporting Regime (DCRR) for Australian-resident users. Part 3 implements the 2023 amendments to the OECD Common Reporting Standard (CRS), commonly referred to as CRS 2.0.

The new regimes serve different purposes. CARF and CRS 2.0 are designed for cross-border tax transparency: Australian crypto-asset service providers report on relevant users, including those resident in other participating jurisdictions, and the ATO exchanges that information with overseas tax authorities while receiving corresponding information on Australian taxpayers from abroad. The DCRR, by contrast, is a domestic reporting framework intended to give the ATO more detailed information on transactions involving Australian residents.

Importantly, these regimes concern tax information reporting rather than the underlying question of how crypto gains or losses are taxed. They do not themselves create a new tax. Their purpose is to give the ATO greater visibility into relevant taxpayer activity so that existing tax obligations can be assessed and administered more effectively.

Overall, Australia's commitment to CARF is welcome, and so is its ambition to improve domestic tax transparency. However, there remains an important question about how the newly established regimes fit together.

Different objectives do not require vastly different foundations. Given their respective objective, the regimes should draw on common definitions of customers, accounts and transactions, and on data held in the same systems by providers subject to them, unless there is a clear domestic tax reason to depart. That data must also be sourced, classified and validated. Where the regimes define the same things differently, reporting service providers must source and reconcile the same data twice, and the ATO may receive two inconsistent pictures of the same activity, increasing friction in the overall compliance framework that obliged service providers must navigate.

Area	CARF	DCRR
Users covered	Foreign-resident focus; Australian-resident coverage to be clarified in forthcoming CARF rules	Australian residents
Who reports	OECD Reporting Crypto-Asset Service Providers (RCASP)	Providers of a "registrable virtual asset service" under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act)
Assets	Relevant Crypto-Assets	"Virtual assets" as defined in the AML/CTF Act
Information	Annual aggregates by asset and transaction type	Each transaction, with ID, timestamp and AUD value
Frequency and start	Annual; collection from 1 January 2027, first reports in 2028	Proposed quarterly, applying from 1 July 2027

Why CARF's definitions matter

CARF's definitions are not drafting preferences. They are the result of several years of negotiation between governments at the OECD, informed by public consultation and by industry input from the outset. That engagement continues through the OECD's Business Advisory Group (BAG), which works with the OECD Secretariat as well as delegates from tax administrations of participating jurisdictions on how the rules apply to real products, business models and data flows.

The core concepts reflect deliberate choices. CARF defines an RCASP by its operations: effectuating relevant exchange transactions for customers. Relevant Crypto-Assets exclude assets that cannot be used for payment or investment purposes, and leave e-money and central bank digital currencies to the CRS. Transaction data is aggregated by asset and transaction type. Each choice balances the information tax authorities need against what crypto-asset service providers actually hold and can report reliably.

The DCRR sets many of these conclusions aside by drawing its perimeter from the AML/CTF Act. AML/CTF definitions were designed to manage financial crime risk, not to determine which business lines, products and activities should be subject to tax information reporting. Applying those concepts in this context risks creating unnecessary uncertainty around scope, inconsistent treatment across business models, and reporting obligations that are not closely aligned with the underlying policy objectives of CARF and the amended CRS. During the framework negotiations, the OECD deliberately worked through these scoping questions to create clearer boundaries around the activities for which tax information should be collected and reported. Departing from that approach now could reintroduce ambiguity and complexity that the international standards were designed to reduce.

Where the definitions diverge

The AML/CTF "registrable virtual asset service" and "virtual asset" tests overlap with CARF but do not match it. The perimeter is wider in some places and narrower in others.

Area	CARF	DCRR (AML/CTF Act)	Effect
Custody and transfer-only services	In scope only if the crypto-asset service provider effectuates exchange transactions	Safekeeping and transfer services are registrable in their own right	Standalone custody and transfer-only crypto-asset service providers report domestically but not under CARF
Participants in token offers or sales	Not a crypto-asset service provider unless it effectuates exchanges	Captured, even if not a virtual asset service provider and even for a one-off service	Advisers and distributors who may not hold relevant user transaction data may be pulled in
Banks and other financial institutions	In scope where they meet the functional test	Excluded from registrable virtual asset services	A bank's crypto offering may report under CARF and CRS but not the DCRR
Offshore crypto-asset service providers serving Australians	Covered via nexus rules and exchange between tax authorities	Depends on the AML/CTF geographical link	Possible gaps in domestic data
Fiat-backed stablecoins	Specified electronic money products excluded and left to CRS	Virtual assets	One product may be reported under both the DCRR and CRS
Governance tokens	Excluded if not usable for payment or investment	Virtual assets by statute	Domestic-only classification needed
Tokenised financial instruments	Can be Relevant Crypto-Assets	May be excluded if a mere representation of the underlying asset	Captured by CARF, possibly not by the DCRR

These differences matter most for groups and products that straddle the boundaries:

- **Multi-entity groups.** An exchange entity may sit in both regimes while an affiliated custody or wallet entity sits only in the DCRR. Group-level reporting cannot simply reuse one perimeter assessment.
- **Banks entering crypto.** A financial institution offering crypto trading or custody may report the same customers under CARF and CRS 2.0, but not under the DCRR, while a non-bank competitor reports the same activity under all of them.
- **Single products, multiple classifications.** A stablecoin, non-fungible token (NFT) or tokenised security may need separate classifications, with different outcomes under CARF, the DCRR and CRS 2.0.
- **Shared transactions.** Where a broker, platform and custodian all touch the same trade, more than one may have a DCRR obligation. Without allocation rules, the ATO may receive duplicate records.

These differences may result in incomplete or duplicated data for the ATO, and reconciliation costs for crypto-asset service providers that do not improve tax outcomes.

Interoperability is already designed in at OECD level

The OECD has done significant work to make tax transparency frameworks work together, and with anti-money laundering (AML) rules:

- **CARF and CRS.** CARF lets crypto-asset service providers rely on CRS due diligence and on self-certifications collected for other tax purposes. The 2023 CRS amendments were designed alongside CARF to limit duplicate reporting, with e-money products and indirect crypto investments, among others, allocated to the CRS.
- **Tax and AML.** The amended CRS allows reliance on AML and know-your-customer (KYC) procedures consistent with the Financial Action Task Force (FATF) Recommendations to identify controlling persons. CARF's commentary draws on the FATF's virtual asset analysis when assessing whether an asset can be used for payment or investment purposes.

The principle is to classify once, collect once and report many times. To achieve greater effectiveness and efficiency, Australia should apply the same principle to the DCRR. Crypto-asset service providers should be able to reuse CARF customer data, residence determinations, due diligence outputs and asset classifications wherever requirements overlap. Information the ATO can lawfully access from the Australian Transaction Reports and Analysis Centre (AUSTRAC) should not be reported again, with information-sharing mechanisms updated where necessary to enable that access. A separate DCRR process should be confined to genuinely additional domestic requirements.

Other domestic regimes kept the link to CARF

Australia is not alone in wanting domestic crypto reporting. However, other jurisdictions have done so while keeping CARF as the backbone:

- **United Kingdom.** The UK extended CARF reporting to UK-resident users, applying the same CARF rules, definitions and data points to domestic and foreign users alike.
- **European Union.** DAC8 covers users resident in any CARF Member State, including the crypto-asset service provider's own. It links crypto-asset service provider scope to authorisation under the Markets in Crypto-Assets Regulation (MiCA) but follows CARF's due diligence and reporting data closely.
- **Brazil.** DeCripto layers AML/KYC principles and additional domestic requirements onto a framework that incorporates CARF definitions and concepts, while introducing monthly transaction-based reporting.

In each case, domestic additions sit on top of CARF rather than alongside it. Crypto-asset service providers can run one classification and due diligence process, with extra domestic elements bolted on where needed. Australia can achieve its domestic objectives the same way.

Data that goes beyond CARF

The proposed DCRR dataset is materially larger than CARF's. Some additions may be justified, but each carries costs and privacy risks.

DCRR element	CARF position	Implications
Transaction-level records with transaction ID, timestamp and AUD value	Annual totals by asset and transaction type	A separate data pipeline, with every record reconciled across two formats
Each transfer involving a registrable virtual asset service to a self-hosted wallet	Annual total of transfers to wallets not associated with a crypto-asset service provider	Transaction-level reporting may reveal links between users and external wallets, increasing privacy risks without necessarily establishing wallet ownership or holdings.
Users' bank account details	Not collected	Many crypto-funded users have no linked account; new collection of sensitive financial data
Current and previous asset names, and date of change	Not collected	Ongoing tracking of rebrands and migrations with limited tax value
Quarterly reporting with a 31-day turnaround	Annual	Four reporting cycles a year on a different calendar from CARF

As Treasury develops the final framework, a key question is why each additional element is necessary. For each field, the framework could explain the tax purpose it serves, whether CARF data or information lawfully available through AUSTRAC could meet that need, and how the privacy and security risk of holding it would be managed. Fields such as bank account details should be required only where they are held and needed for an identified tax purpose. Larger stores of sensitive data increase the impact of any breach, making data minimisation an important design consideration.

Anchor the DCRR in CARF

CARF's definitions and concepts carry the weight of years of work by governments and industry at the OECD. Australia helped shape that work. Setting its conclusions aside for domestic reporting risks inconsistent coverage, duplicated data and higher compliance costs, without necessarily giving the ATO better information.

The better path is to make CARF the default for the DCRR. Departures should be kept only where they meet a clear domestic tax need, and the OECD's interoperability principles should apply across CARF, the DCRR, CRS 2.0 and AML/CTF data. AML/CTF definitions should be fixed at a set date so that future AML changes do not silently expand tax reporting. Crypto-asset service providers also need the complete rules, schema and test environment well before collection begins.

Taxbit and Piper Alderman have engaged with Treasury through the consultation process and will continue to engage with government and industry as the rules develop. To discuss what the proposals mean for your business, contact our respective teams.

Read the consultation: Treasury Laws Amendment Bill 2026: Tax information reporting

Read Piper Alderman's submission: Treasury consults on Crypto-Asset Tax Transparency Framework

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