

IOTA Forum

Use of Data from the Automatic Exchange of Information

Group Discussion 1 Implementation of CRS 2.0/ CARF

Question 1

What methods does your administration use—or plan to use—to quantify the financial impact of CRS data, such as additional tax revenue from reassessments, recovered taxes, or voluntary disclosures triggered by CRS-related activities?

FEEDBACK FROM GROUP 1 (red)

It is a general issue in all compliance activities. It is a difficult question to reply. In one tax administration they work in a whole case management. It would be really challenging to quantify a specific amount, to each component of tax compliance.

Another tax administration stated that this was not the hot topic at the moment, the biggest one was the effective use of the exchanged information. In order to improve that, they tried to make a technical change to their system, so that all tax colleagues who are engaged somehow with a taxpayer, to be able to see that the specific taxpayer has some kind of provided CRS information. Of course, they do not get into much details, and there are some precautions kept.

One tax administration uses a system that links companies with CRS data and how they use them, or how they should be used.

Lastly, one IOTa member said that it has a system on how they use the AEOI data, on how these data are linked with, and what type of data information it consists of. Moreover, the data are used in pre-populated income tax returns.

Question 2

Beyond direct revenue gains, how do you measure or estimate the deterrent effect of CRS implementation—i.e. the behavioural change among taxpayers who now comply voluntarily because they know their foreign accounts are being reported?

FEEDBACK FROM GROUP 1 (red)

In one tax administration, it was communicated that taxpayers can voluntarily declare CRS income, but they are also acknowledged by the TA that Tax Administration has that information, thus the taxpayers can either accept the communicative information about CRS income (i.e. in pre-populated tax returns), or challenge it with arguments.

Question 3

Regarding the implementation of the amended CRS (CRS 2.0), what is the current status of your tax administration at domestic level (legislative framework, AEOI solution, etc.)?

FEEDBACK FROM GROUP 1 (red)

In one country, regarding discussions that they had at a legislative level, they monitored that the proposed changes were not that significant. Regarding the actual number of the FI's and who and how many would be, this has created some discussions. They had pre-scheduled webinars with FI's and also updated their guidances.

One tax administration said that they have updated their legislation regarding CRS 2.0.

Another member stated that they have not started yet.

One country shared that they are preparing for CRS 2.0. They are also preparing some guidance (sorry the connection was not very clear, and I might have missed some info).

Question 4

As the commencement date for CARF is approaching, do you feel you are on the right track for collecting user and transaction data?

FEEDBACK FROM GROUP 1 (red)

One tax administration said that they have not had any issues with the implementation of CARF up to now. It is already in place. They have a draft of who the service providers are, also they issued a report on what they are liable to report and who their customers are. If the information is not reported, then the TA will have to do a lot of work. The taxpayers raised some questions regarding self-declarations, regarding how far they should go.

In the another member, everything is ok for the moment regarding the implementation of CARF. Regarding what they have done in crypto-asset data, they promote and perform campaigns to inform the taxpayers so as to remain compliant and inform them about their obligations. For CRS, they did an extensive use of the media/ social media.

Question 5

What are the challenges that you have faced so far regarding CARF preparatory work, and what are the expected benefits that you aim to have from the exploitation of that data?

FEEDBACK FROM GROUP 1 (red)

In one tax administration, a critical question would be how they would like data to be displayed. Communication on promoting CARF should be clear and straightforward. There were cases of taxpayers who moved to other countries/ jurisdictions in order to benefit from potential gains from crypto assets.

They have built an expertise in FI's compliance all these years, but it is not sure yet, who will be in charge within the Irish Tax Revenue, regarding CARF compliance. This is still a dilemma for them.

Question 1

What methods does your administration use—or plan to use—to quantify the financial impact of CRS data, such as additional tax revenue from reassessments, recovered taxes, or voluntary disclosures triggered by CRS-related activities?

FEEDBACK FROM GROUP 2 (yellow)

The impact on revenue is very important to measure, as AEOI requires significant investments which should be paid back.

One tax administration said that comparing the results and deliverables with those from previous years (monitoring the statistics over the years) to identify some potential areas to tackle in the next years

In some countries, the compliance system is quite complex as all information is gathered in the data lake, where the risk profiling takes place. Potential additional revenue can be based both on CRS data and on domestic sources of information. This is difficult to say how much was gained specifically from the CRS or other AEIO mechanisms. In general audits, it is difficult to separate the CRS results.

For the other countries, it is advisable to provide some assessment mechanisms in the beginning of the process design.

One member said that there is a national IT system for the distribution of CRS information to tax officers. Users are required to provide feedback on the use of AEOI data exchanged. In case of issues found, verifications are made, and further to the control actions, there can be an estimation of the tax revenue effect.

Another member said that a slightly different approach is used, where the use of CRS data is centralised, and voluntary compliance is promoted. People from audit and operational services can access the CRS data. Some measurements are made on behavioural insights – voluntary compliance results are quite promising. Crypto area is a bit behind, but with DAC 8 and CARF, the results will be better.

Question 2

Beyond direct revenue gains, how do you measure or estimate the deterrent effect of CRS implementation—i.e. the behavioural change among taxpayers who now comply voluntarily because they know their foreign accounts are being reported?

FEEDBACK FROM GROUP 2 (yellow)

One tax administration has implemented a voluntary compliance system a long time ago, 2010-2016, prior to AEOI. There were huge campaigns to promote AEOI and voluntary compliance. The self-declaration results were very high and overall, it was successful.

The pop-up (nudging) mechanism is another example (existing also in Belgium, France and Portugal) which brought a large increase in the declaration of foreign assets.

One else tax administration also said that it shares CRS information with taxpayers, which has a positive effect on voluntary compliance.

In another member, pop-up messages are combined with warning emails with information on the previous 2 years. Also, the automatic mechanism for mismatches is applied, resulting in 75% of taxpayers declaring voluntarily their foreign assets.

The tax residency issue exists for some countries.

IT tools are very helpful, but at some point, there is a need for a manual check.

Question 3

Regarding the implementation of the amended CRS (CRS 2.0), what is the current status of your tax administration at domestic level (legislative framework, AEOI solution, etc.)?

FEEDBACK FROM GROUP 2 (yellow)

The vast majority of members have started their work on the implementation. Legal and operational implementation aspects are interdependent.

As regards the national legislation, it is either in place already or at the final stages, waiting for adoption by the government.

From the administrative framework point of view, the existing internal mechanism for AEOI will be used according to one member.

All countries recognise a need for a sound information campaign for the institutions in crypto market, providing guidance and assistance, organising meetings with FI.

There is an identified issue on potential double reporting on DAC8 and CRS, other concerns exist too.

Regarding the challenges, one country shared that operational challenge exists in the transition from the old schema to the new schema. A collection campaign takes place from September to December, therefore it can be a timing issue with the OECD deadlines. Identifying the cut-off date is important.

In the another member, a joint CRS and FATCA schema has been used, but with the amended CRS, there is a need to split. Reporting FIs will have to make two submissions instead of one.

Question 5

What are the challenges that you have faced so far regarding CARF preparatory work, and what are the expected benefits that you aim to have from the exploitation of that data?

FEEDBACK FROM GROUP 2 (yellow)

There is a consensus that the biggest issue is identifying reporting institutions in the first place and making them aware that they have to report. As the current picture is not global, identifying all the stakeholders will be key.

The crypto market is a new sector which is not fully regulated. Traditional financial institutions have a long reporting history and due diligence mechanisms in place, but CARF entities are new in this business. Tax administrations have to provide them with assistance and guidance.

Question 1

What methods does your administration use—or plan to use—to quantify the financial impact of CRS data, such as additional tax revenue from reassessments, recovered taxes, or voluntary disclosures triggered by CRS-related activities?

FEEDBACK FROM GROUP 3 (green)

- Two main activities are undertaken using CRS data:
 1. *Early-warning system*: Based on information received (e.g. salaries, pensions, bank accounts). If declared income does not match CRS data thresholds, alerts are sent to taxpayers. Authorities monitor changes in *gross declared income*, but not the resulting tax liability.
 2. *Follow-up reviews*: Taxpayers who do not react to early-warning messages undergo manual compliance checks.
- One administration (via an EU project) noted that while they could estimate potential audit results, isolating the impact directly attributable to CRS is almost impossible. Instead, taxpayer “maturity” is assessed based on filing accuracy and self-corrections.
- Another member publishes statistics on additional tax identified from CRS-related activities. A notable trend is an increase in voluntary disclosures, particularly with more foreign accounts being declared after CRS implementation.

Question 2

Beyond direct revenue gains, how do you measure or estimate the deterrent effect of CRS implementation—i.e. the behavioural change among taxpayers who now comply voluntarily because they know their foreign accounts are being reported?

FEEDBACK FROM GROUP 3 (green)

A reduction was noted in the number of taxpayers selected for detailed reviews, attributed to increased voluntary compliance due to awareness of account reporting.

However, detailed statistics confirming the deterrent effect are lacking. The effect is inferred based on improved compliance behaviour rather than quantified.

One administration reported limited analysis on deterrence but initiated a *nudge campaign* this year for a wider non-compliant population, with promising results.

It remains difficult to separate the impact attributable specifically to CRS from other compliance measures.

Challenges arise in determining which tax return fields should be compared to CRS data due to inconsistencies and use of incorrect fields. Moreover, administrative deductions and final tax calculations make it difficult to determine the true tax impact.

Question 3

Regarding the implementation of the amended CRS (CRS 2.0), what is the current status of your tax administration at domestic level (legislative framework, AEOI solution, etc.)?

FEEDBACK FROM GROUP 3 (green)

Legislative framework:

- Most administrations have legislation in place and are progressing with CRS 2.0 amendments.
- Some have not yet signed the addendum and are requesting a transitional period.
- In most cases, CRS changes do not require substantial amendments to the tax legislation itself.
- Preparatory amendments (e.g. to related acts) are underway and undergoing public hearings.

Operational and IT preparation:

- Focus is primarily on CRS 2.0 rather than CARF at this stage.
- Some administrations are developing new front-end solutions for data reporters.
- Past attempts to integrate CRS and FATCA schemes proved highly complex; current efforts aim to improve clarity for financial institutions.
- Common output systems integrating CRS, FATCA, and DAC are already used in several cases.
- Some members clarified that from 2027, the CRS V3 format will replace V2, with advance communication to financial institutions already initiated.
- Ongoing dialogue with IT departments and stakeholders; user guides and Q&A documents are being drafted.

Due diligence and communication:

- Given that CRS 2.0 applies to 2026 data, due-diligence processes must already be adapted. Communications outlining new requirements are being planned for release by year-end.

Question 5

What are the challenges that you have faced so far regarding CARF preparatory work, and what are the expected benefits that you aim to have from the exploitation of that data?

FEEDBACK FROM GROUP 3 (green)

Main challenges identified:

Unknown reporting population: Authorities struggle to determine the number of entities subject to CARF. Financial institutions have been reluctant to provide this information.

IT system scalability: IT teams have requested estimates of incoming data volumes (number of exchanges and reporting entities), but administrations are unable to provide reliable predictions.

Complex data nature: Unlike other reporting frameworks, CARF includes *all crypto transactions* and will likely result in very high volumes without available benchmarking data.

Legislative workload: Significant legislative adaptations are required amidst resource constraints.

Data interpretation challenges:

- Difficulty converting crypto values into local currency.
- Limited detail in tax returns (e.g. single aggregated crypto value, no breakdown).
- Hard to identify under-declaration or determine if capital gains/losses are correctly declared.
- Crypto taxation is inherently more complex than traditional financial reporting.

Expected benefits:

Improved ability to recover taxes where non-compliance is identified.

Enhanced traceability of cross-border digital and crypto transactions.

Long-term strengthening of voluntary compliance through increased transparency.