



Reporting under CRS2

Guide for KPMG's AEOI Reporting users

October 2024



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To: all KPMG AEOI Reporting users

Preparing for the changes to CRS reporting in 2027

Starting from 1 January 2026, tax authorities will start to bring the updated Common Reporting Standard, commonly referred to as CRS2, into force. CRS2 includes changes to the Common Reporting Standard requirements, and changes to the reporting requirements for Financial Institutions.

KPMG is committed to helping our clients manage this transition in reporting requirements through our AEOI Reporting application. This document sets out the expected timeline for changes, and the ways in which clients can expect those changes to be implemented into our solution.

We will continue to work with tax authorities, industry groups and clients on these new changes, and some aspects of our response may evolve as we move from the OECD setting global standards, to the local implementation by tax authorities. We will continue to communicate those developments to all clients.

For the time being, we hope this guide is useful in setting out what you can expect from us, and what you will need to prepare for. We are enormously proud of the work we do to support financial institutions with AEOI reporting, and look forward to continuing to work with you in this new phase of work.

KPMG expect that the AEOI Reporting application will also support Crypto-Assets Reporting under CARF from 2027 onwards, supporting our clients who are in scope of both regimes.

If you have any questions on either reporting or the wider CRS rules, please do not hesitate to contact your usual KPMG team, the AEOI helpdesk, or me personally.

Thanks,



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Overview

The OECD formally adopted the new Crypto-Assets Reporting Framework (CARF) and the revised Common Reporting Standard (CRS) on 8 June 2023. The new combined standard is referred to as the International Standards for Automatic Exchange of Information in Tax Matters.

Co-ordinated changes

The OECD has published some of the first documents related to the practical implementation of the Crypto-Assets Reporting Framework (“CARF”) as well as updated reporting specifications for the Common Reporting Standard (“CRS”).

Both CARF and the updated CRS rules will apply from 1 January 2026 in early adopting jurisdictions, with first reporting in 2027.

The OECD Global Forum on Tax Transparency and Exchange of Information meets in November 2024 in Paraguay to discuss the implementation of CARF, with 58 jurisdictions already committed to its adoption, so these documents likely represent the first of several updates that will affect digital assets and traditional finance firms within the scope of these rules.

Although the CRS changes are widely referred to as CRS2, they will actually involve a move to the reporting xml v3.0 and schema guidance v4.0. For ease, we refer to the new rules as **CRS2** throughout this document.

Global implementation

1. Each jurisdiction will need to amend their own reporting portals to accept the revised schema. KPMG will be monitoring more than 55 locations for local confirmation of the changes, validation rules and guidance.
2. Not all jurisdictions will amend their domestic rules by 1 January 2026, which means that there may be a phased introduction of the rules for some multinational groups.
3. We expect the EU Members States, UK and its Crown Dependencies and Overseas territories, Australia, Canada, New Zealand, Hong Kong and Singapore will adopt these rules from 1 January 2026, along with many others.

Milestones

November 2024	OECD Global Forum to confirm the adoption roadmap for participating countries.	January 2026	CARF becomes live. All new customers from this data must provide a self-certification of tax status prior to on-boarding.
During 2025	Domestic tax authorities implement CRS changes into local guidance and systems.	Early 2027	First reports under CRS 2 and CARF submitted. Reporting deadlines are set by local jurisdictions.
December 2025	Deadline for countries to transpose the OECD rules into local law for a 1 January 2026 start date.	December 2027	Deadline for completing review and redocumentation for beneficial owners under CRS and pre-existing accounts under CARF.

CRS – summary of non-schema changes

There are three main streams of amendments in the CRS2 rules, designed to improve compliance, bring electronic money into scope and govern the interactions with crypto-asset reporting.

Changes to improve compliance

The amendments also focus on improving compliance:

- Incorporating existing OECD FAQs and rules on “golden passports” from OECD’s Residence/Citizenship by Investment lists.
- Updating Know Your Client (KYC) rules to allow the use of Government Verification Services (mirroring the Model Rules for Digital Platforms).
- Aligning AML rules for controlling persons with FATF standards.
- Requiring jurisdictions to enforce “strong measures” to ensure self-certifications are collected, potentially including penalties or freezing orders.
- Extending reporting requirements to include:
 - Flags for new and pre-existing accounts.
 - A flag for accounts lacking self-certification, aligning with jurisdictions like France and Germany.
 - Reporting on the role of Controlling Persons, with a two-year transition period for compliance.
 - A flag for joint accounts and the number of joint account holders, aiding tax authorities in identifying account holders across jurisdictions.
 - The type of Financial Account (Depository, Custodial, etc.) and the role of equity interest holders in contractual vehicles.

Expanding CRS to cover Specified Electronic Money Products

The amendments bring e-money products within the CRS scope, ensuring a level playing field between digital money and traditional bank accounts.

- The definition of depository institution now includes entities holding Specified Electronic Money Products or Central Bank Digital Currencies (CBDCs) for customers, potentially expanding the scope to non-bank entities.
- “Specified Electronic Money Product” is introduced, aligned with other regulatory definitions.
- Accounts opened before the new rules take effect will be considered pre-existing, giving institutions two years for reviews and self-certifications.
- Two new categories of Excluded Accounts are added:
 - Electronic money products with a value under \$10,000 (based on a rolling 90-day average).
 - Products created solely for short-term funds transfer (no more than 60 days).

Interaction with CARF

The CRS amendments address how it interacts with the CARF, including:

- Defining Central Bank Digital Currencies (CBDCs) and potentially stablecoins as depository accounts, reportable by the customer’s bank.
- Clarifying that Crypto-Assets are financial assets, and safekeeping services include holding private keys.
- Financial institutions providing crypto services will face dual reporting under CARF and CRS but if a transaction is reported under CARF, it can be excluded from gross proceeds reporting by election.
- Reference to Crypto-Assets are added to definitions for investment entities and passive entities.
- The definition of financial assets is expanded to include derivatives of Crypto-Assets.

CRS – reporting schema changes (1 of 6)

New and pre-existing accounts

The addition of a field at account-level to indicate whether the account was opened prior to the start of CRS in the relevant jurisdiction. For most clients, this will be 1 January 20216, but may be a later date for jurisdictions which adopted CRS later.

FIs may find this data element difficult to source internally, particularly where there have been data and systems migrations, roll-over accounts, or accounts which have been opened since 1 January 2026 for pre-existing clients. Nevertheless, there is no ‘dummy’ value that can be used, and FIs will need to include a value for all accounts.

Combined with the <SelfCert> element, this field will allow tax authorities to more accurately review an FI’s compliance with CRS procedures and whether accounts have been opened since the inception of CRS without self-certifications. We already see this data element as a common request during tax authority enquiries and reviews.

Data Elements added - Mandatory

Single element <DDProcedure> which should be populated with either a New or Pre-existing value

Permitted values

- CRS1201 New Account
- CRS1202 Pre-existing Account
- CRS1200 Not reported – allowing for transitional exchange of information between tax authorities, this value may not be permitted in an FI’s reporting.

KPMG dynamic template changes

New column is already in dynamic template with pre-configured values and validation for ‘New’ or ‘Pre-existing’.

New column “New Account” indicator is already in dynamic template with pre-configured values and validation for ‘Yes’ or ‘No’. KPMG will add the option ‘Not reported’, since this field will now be required.

xml schema element example

```
<AccountReport>
  <Account>
    <AccountNumber>987654321</AccountNumber>
    <AccountBalance>10000.00</AccountBalance>
    <Currency>GBP</Currency>
    <JointAccount><Number>2</Number></JointAccount>
    <DDProcedure>CRS1201 </DDProcedure>
    <AccountType>CRS1101</AccountType>
    <AccountHolder>
      <...>
    </AccountHolder>
  </Account>
</AccountReport>
```

CRS – reporting schema changes (2 of 6)

Account holders without a self-certification

The addition of a field at account holder level to confirm whether or not a valid self-certification is held for the account holder. This field is also added to the <ControllingPerson> element.

FIs may find this data element difficult to source internally, particularly where classifications have been stored but it is not apparent whether they came from self-certification or application of other rules. It is not uncommon for FIs to be unable to source self-certifications for the earliest years of CRS which are now stored in offsite physical storage.

Combined with the <DDProcedure> element, this field will allow tax authorities to more accurately review an FI's compliance with CRS procedures and whether accounts have been opened since the inception of CRS without self-certifications. We already see this data element as a common request during tax authority enquiries and reviews.

There is no data element to indicate whether a self-certification was not received after a change of circumstances, a common issue that many FIs will face.

Data Elements added - Mandatory

Single element <SelfCert> which should be populated with either true or false.

Permitted values

CRS901	true – a self-certification is present.
CRS902	false – a self-certification was not received.
CRS900	Not reported – allowing for transitional exchange of information between tax authorities, this value may not be permitted in an FI's reporting.

KPMG dynamic template changes

New column is already in dynamic template for Individual and Entity account reports with pre-configured values and validation for 'Yes' or 'No'. KPMG will add the option 'Not reported', since this field will now be required. This field will also be included within the dynamic template for Controlling Persons.

xml schema element example

```
<AccountHolder>
  <Individual>
    <Name> ...</Name>
    <ResCountryCode>UK</ResCountryCode>
    <TIN issuedBy="UK">NI123456A</TIN>
    <Address>
      <City>Canary Wharf, London</City>
      <PostCode>E14 5GL</PostCode>
      <CountryCode>UK</CountryCode>
    </Address>
    <SelfCert>CRS902</SelfCert>
  </Individual>
</AccountHolder>
```

CRS – reporting schema changes (3 of 6)

Reporting of the role of Controlling Persons

A new element added within the <ControllingPerson> element. This should be reported for each controlling persons.

There will be a two-year transitional period to allow time to collect and maintain this information in a readily available, electronic manner.

FIs reporting under DAC2 in the EU may already be required to collect, hold and report this information, and therefore may have limited business changes to make for this global change.

Data Elements added

Single element <CtrlgPersonType > which should be populated with the relevant value for the controlling person.

Permitted values – Mandatory (Optional)

CRS801	CP of legal person – ownership
CRS802	CP of legal person – other means
CRS803	CP of legal person – senior managing official
CRS804	CP of legal arrangement – trust – settlor
CRS805	CP of legal arrangement – trust – trustee
CRS806	CP of legal arrangement – trust – protector
CRS807	CP of legal arrangement – trust – beneficiary
CRS808	CP of legal arrangement – trust – other
CRS809	CP of legal arrangement – other – settlor-equivalent
CRS810	CP of legal arrangement – other – trustee-equivalent
CRS811	CP of legal arrangement – other – protector-equivalent
CRS812	CP of legal arrangement – other – beneficiary-equivalent
CRS813	CP of legal arrangement – other – other-equivalent
CRS800	Not reported – allowing for transitional exchange of information between tax authorities, this value may not be permitted in an FI’s reporting.

KPMG dynamic template changes

New column is already in dynamic template and is already in use for relevant EU jurisdictions. KPMG will add the option ‘Not reported’, since this field will now be required.

xml schema element example

```
ControllingPerson>
  <Individual> ... </Individual>
  <CtrlgPersonType>CRS807</CtrlgPersonType> <!-- Beneficiary of a trust -->
  <SelfCert>CRS902</SelfCert> <!-- No self-certification provided -->
</ControllingPerson>
```

CRS – reporting schema changes (4 of 6)

Joint accounts and the number of account holders

An indication of whether the account is a joint account and the number of account holders.

This element is excluded for non-joint accounts, and the only data element included is the number of joint accounts holders, greater than 1.

Note, this should reflect the total number of all joint account holders, and not just the total reportable account holders. It is not therefore possible to derive this value exclusively from reporting data.

Data Elements added – Mandatory (Optional)

A container element <JointAccount> which includes a single child element <Number> the total number of joint account holders. Note that the element is excluded when the account is not joint, rather than reported with a <Number> = 1.

Permitted values

Numeric field, 1-200 characters.

KPMG dynamic template changes

This field will be included within the dynamic template as a single column with the number of joint accounts. Values that are blank or ‘1’ will be treated as non-joint accounts.

xml schema element example

```
<AccountReport>
  <Account>
    <AccountNumber>987654321</AccountNumber>
    <AccountBalance>10000.00</AccountBalance>
    <Currency>GBP</Currency>
    <JointAccount><Number>2</Number></JointAccount>
    <DDProcedure>CRS1201 </DDProcedure>
    <AccountType>CRS1101</AccountType>
    <AccountHolder>
      <...>
    </AccountHolder>
  </Account>
</AccountReport>
```

CRS – reporting schema changes (5 of 6)

The type of Financial Account (Depository, Custodial, etc.) being reported

A single data element added to the account element identifying the type of account being reported.

Data Elements added

Single element <AccountType> which should be populated with one of four values.

Permitted values - Mandatory

CRS1101	Depository Account
CRS1102	Custodial Account
CRS1103	Cash Value Insurance Contract or Annuity Contract
CRS1104	Debt or Equity Interest in Investment Entity (this will include fund interests)
CRS1100	Not reported – allowing for transitional exchange of information between tax authorities, this value may not be permitted in an FI's reporting.

KPMG dynamic template changes

New column is already in dynamic template with pre-configured values for the account types.

xml schema element example

```
<AccountReport>
  <Account>
    <AccountNumber>987654321</AccountNumber>
    <AccountBalance>10000.00</AccountBalance>
    <Currency>GBP</Currency>
    <JointAccount><Number>2</Number></JointAccount>
    <DDProcedure>CRS1201 </DDProcedure>
    <AccountType>CRS1101</AccountType>
    <AccountHolder>
      <...>
    </AccountHolder>
  </Account>
</AccountReport>
```

CRS – reporting schema changes (6 of 6)

Reporting of the role of Controlling Persons

For equity interests held in Investment Entities which are legal arrangements, a new element has been added to allow the reporting of the type of equity interest held. This applies to trusts and similar vehicles which are themselves financial institutions and for which the holders of equity interests are reported. This replicates the similar requirement to identify the type of controlling person in respect of trust-like vehicles only.

This is most likely to be applicable to ‘trustee-documented trusts’ which for CRS purposes are treated as trusts which are FIs in their own right, reported by the trustee.

Data Elements added – Mandatory (Optional)

Single element <EquityInterestType> which should be populated with the relevant value for the equity interest held.

Permitted values

CRS401	equity interest holder of legal arrangement – trust – settlor
CRS402	equity interest holder of legal arrangement – trust – trustee
CRS403	equity interest holder of legal arrangement – trust – protector
CRS404	equity interest holder of legal arrangement – trust – beneficiary
CRS405	equity interest holder of legal arrangement – trust – other
CRS406	equity interest holder of legal arrangement – other – settlor-equivalent
CRS407	equity interest holder of legal arrangement – other – trustee-equivalent
CRS408	equity interest holder of legal arrangement – other – protector-equivalent
CRS409	equity interest holder of legal arrangement – other – beneficiary-equivalent
CRS410	equity interest holder of legal arrangement – other – other-equivalent

KPMG dynamic template changes

A new column will be added to the dynamic template to be used by affected clients.

xml schema element example

```
<AccountHolder>  
  <EquityInterestType>CRS404</EquityInterestType> <!-- Beneficiary of a trust -->  
  <Organisation>  
    ...
```

KPMG – implementation timeline

We have established a programme to monitor and respond to changes in global CRS Schemas between now and 2027. We will continue to update on changes, and monitor for any jurisdictions which introduce additional requirements above those required by the OECD.

Because of the unique way in which KPMG has built our AEOI Reporting application, revised data templates and xml schema packages will not need any specific IT implementation by clients. The new xml rules will be downloaded from the KPMG AEOI cloud server on demand – so that when team members start the process for reporting in 2027, the correct version of the template and schema will be automatically available.

November 2025	Availability of the new Dynamic Input Template with new fields and instructions for clients to identify data requirements.
28 Feb 2025	Update of the Data Healthcheck module with an option to validate and test data based on the new CRS rules within the application.
Spring 2025	Availability of a test version of the new OECD schema with the data elements, validation and the ability to generate xmls in the standard OECD format.
During 2025	Ongoing monitoring of tax authority implementation and update of domestic schemas. We anticipate that this will continue throughout 2026 as well.
During 2026	Deployment of country-specific schemas for all published countries to allow for internal testing and validation requirements.
H1 2027	First reporting season under CRS2. We anticipate that many tax authorities will experience differences between published xml schemas and validation and actual portal validation paths. KPMG will actively monitor for discrepancies and update schemas as part of an active implementation oversight programme.

What about Crypto-Assets?

The Crypto-Assets Reporting Framework (CARF) will come into force in more than 50 countries from 1 January 2026. The next few months will see key developments for crypto and digital asset firms as the OECD publish additional information and tax authorities bring rules into local law.

- These rules have been agreed as an expansion of Automatic Exchange of Information (AEOI) rules which already apply across the financial services sector.
- More than 50 jurisdictions are committed, including the EU27, UK, Australia, Canada and many others. Unusually, the United States has also committed to aligning its rules to this global standard.
- For organisations acting as ‘Crypto-Asset Service Providers’ (CASPs), CARF imposes a high standard – new customer documentation, gathering new information, with collected data being reported directly to tax authorities. Information collected is exchanged between all global tax authorities.
- CARF has a deliberately broad scope – any token that could be used for payment or investment purposes is in scope. That includes tokens that can be traded on an exchange – whether that’s a traditional exchange, a crypto-native exchange like NFT marketplaces, or De-Fi pooling and swaps. It also includes an increasing range of tokenized transactions and real world assets.
- For many organisations, the implementation of CARF must start now – agreeing budgets for implementation in 2025, reviewing new and existing products and making the necessary data and technology changes.

CARF – the 5 key messages

1. Documentation standards are above and beyond existing AML/KYC requirements and require specific declarations of tax residence from customers.
2. Unlike other regulatory initiatives, CARF results in customer-by-customer data being reported to authorities. Data quality and regulatory compliance will be under immediate scrutiny from tax authorities globally.
3. There are change requirements across the business: from client on-boarding, legal agreements and customer communications, through to aggregation of data and financial information for reporting.
4. CARF has a broad scope. Most exchanges of digital assets for value will be in scope for reporting, not just for crypto-natives and fintechs, but also for blockchain enabled products in banking, payments, asset management. Even De-Fi providers and NFT issuers may be brought into scope where certain conditions are met.
5. There is no automatic exemption for tokens issued on private or permissioned blockchains, and so any architecture must support reporting at customer and token-level.

CARF reporting schema - overview

The OECD's [CARF XML Schema](#) is a critical document for CASPs in planning their implementation of compliance and reporting procedures, as it defines the key data elements that will be required for reporting to a domestic tax authority. Many of the data elements closely match those used in CRS.

Reporting xml requirements

The main sections of the report will be:

1. Message Header identifying the sender, recipient, message type (allowing for amendments to reports) and reporting period
2. Details of the CASP as described in the 'Organisation Party' type for entities or 'Person Party' type for individuals along with information on the nexus of the CASP to its reporting jurisdiction.
3. Details of Crypto Users containing information on the 'Reportable Users' Identity' and 'Relevant Transactions'.
4. Identity information will include name, address, a User ID, taxpayer identification number (TIN), TIN type, tax residence, birth information (for individuals) and details of Controlling Persons (for certain entities) including the type of Controlling Person.
5. Transaction information will include details of each Crypto-Asset preferably using a Digital Token Identifier where available. This is presumably, although not explicitly, a reference to the ISO24165 Standard. The OECD notes that it will provide further guidance on Crypto-Asset naming conventions.

The CARF schema does not include some of the new elements which are being added to the CRS, that require reporting for accounts without a self-certification, or an indication of whether an account is new or pre-existing to the start of the rules.

Transaction information also includes a breakdown of transactions into the following categories as set out in the schema:

1. Crypto to Crypto In
2. Crypto to Crypto Out
3. Crypto to Fiat In
4. Crypto to Fiat Out
5. Crypto Transfer In – which may include airdrops, staking income and mining income
6. Crypto Transfer Out
7. Transfer Wallet – where Crypto-Assets are transferred to a wallet address not recognised by the CASP, ie, an unhosted wallet.
8. Reportable Retail Payment Transactions

Particular points of note within the schema include:

1. The schema contains specific fields for use in the European Union (EU), particularly reflecting the changes in to the EU Directive (DAC8) that align it to Markets in Crypto-Assets Regulations, which set out the regulatory framework for CASPs operating in the EU.
2. The schema also contains specific fields that could be used to support domestic implementation of CARF (ie, reporting on tax residents of the reporting jurisdiction) alongside the international tax residents.
3. The schema includes a 'default' TIN where the TIN is not known – 'NOTIN'. Although this a small change from the original CRS schema, a consistent approach will fix a painful problem under the CRS schema for global organizations.
4. Certain transactions types are included for crypto-to-fiat and crypto-to-crypto transactions to clarify the scope of the underlying transaction. These include staking, wrapping, collateral and lending.
5. A requirement to a valuation methodology for reporting transactions which include - Book value, Third-party value, Recent RCASP valuation and Reasonable estimate by RCASP

KPMG AEOI Reporting

KPMG AEOI Reporting provides a technology solution for reporting under the Foreign Account Tax Compliance Act (FATCA) and the OECD Common Reporting Standard (CRS) and is a global solution for Financial Institutions.

- 1. KPMG’s AEOI Reporting application is a proprietary solution developed, owned and managed by KPMG. It is maintained through local AEOI experts in each country with the aim of ensuring the rules and country information stay correct and up to date at all times.
- 2. Provides clients with confidence they can submit correct returns, using tried and tested technology, already used by large numbers of financial institutions across the world.
- 3. A global technology solution covering all major jurisdictions, having been successfully used across the world, KPMG member firms provide the confidence to allow clients to correctly file returns in all jurisdictions in which they operate.
- 4. A robust technology solution designed to be quick, easy and cost effective to install.
- 5. The dashboard enables management to view the status and progress of reporting across multiple business units and locations.

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KPMG supports clients through two delivery models

01 A managed service whereby clients provide data to KPMG for processing and submission. KPMG is committed to maintaining client data confidentiality and security. Data is only ever processed in the UK or the country in which the client’s organisation is located.

02 A software solution which can be deployed behind your firewall. This is a sophisticated yet simple to implement solution which is designed to ensure you never need to send your data outside of the your organisation for processing.

Both options are widely used by a large and diverse group of financial institutions around the world and can be customised to meet your specific needs.



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