Frequently Asked Questions

Crypto-Asset Reporting Framework Regulations

Frequently Asked Questions: Crypto-Asset Reporting Framework Regulations

Preface

These frequently asked questions (FAQs) address interpretive and clarification questions from stakeholders on the Crypto-Asset Reporting Framework Regulations (CARF) issued under the Tax Administration Act 28 of 2011. It has been developed in response to questions from Financial Institutions and other stakeholders, based on comments on the Draft CARF Regulations published for public comment before the publication of the final CARF Regulations on 28 November 2025. The final CARF BRS was published on 16 February 2026.

These SARS FAQs on CARF are drafted to assist crypto-asset service providers, crypto-asset users and the general public to obtain clarity and to ensure consistency on certain practical and technical aspects relating to the CARF.

It is not an "official publication" as defined in section 1 of the Tax Administration Act and accordingly does not create a practice generally prevailing under section 5 of that Act. Although reasonably comprehensive, these FAQs do not deal with all the legal detail associated with the subject matter and should, therefore not be used as legal reference.

It is also not a general binding ruling under section 89 of the Tax Administration Act. Should an advance tax ruling[1] or a value-added tax (VAT) ruling[2] be required, visit the SARS website at www.sars.gov.za for details of the application procedure.

In the case of any discrepancies between SARS's interpretation in these FAQs and the OECD (2023), *International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 update to the Common Reporting Standard* and OECD Commentary to the CARF, the latter will prevail.

These FAQs are based on the legislation and related official documents or guidance as at date of issue but will also be updated periodically to address new questions and issues that arise in practice, as well as any changes to the legislation.

All documents referred to in these FAQs are available either on the SARS website at www.sars.gov.za/legal-counsel/ or the OECD Tax Transparency website at https://www.oecd.org/en/topics/sub-issues/international-standards-on-tax-transparency/tax-transparency-resource-centre.html#carf.

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SOUTH AFRICAN REVENUE SERVICE

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1 For further commentary, see the *Comprehensive Guide to Advance Tax Rulings*.
2 For further commentary, see the *VAT Rulings Process Reference Guide*.

Index

23	Form of submission for self-certification and the role of representatives
24	Clarification on whether an Entity Crypto-Asset User excludes an Excluded Person
25	Inclusion of certain amended CRS terms in the CARF
26	Application of the wide approach to CARF
27	Data privacy issues arising from the application of the wide approach to CARF
28	Meaning of a Reportable User in the context of a reportable retail payment transaction
29	Definition of Branch and business models catering to remote workers
30	Meaning of the term "status" in the context of a change of circumstances
31	Confirmation on whether the definition of Crypto-Asset is meant to include unlicensed crypto-assets
32	Meaning of effectuating exchange transactions in context of investment entity
33	Understanding penalties for non-compliance under the TAA
34	Enforcement mechanisms for no/incorrect self-certification

Note

* Capitalised words are words defined in the CARF
** Acronyms are explained where first used in the document
*** References to "CARF" are either to the OECD model framework (including the CARF Commentaries and other OECD guidance) or the CARF Regulations issued under the Tax Administration Act, as the context may indicate.

Links to main sources

- CARF Regulations – at https://www.sars.gov.za/legal-lsec-r-2025-06-notice-6887-gg-53735-oecd-crypto-asset-reporting-framework-28-november-2025/
- CRS Regulations – at https://www.sars.gov.za/legal-lsec-r-2025-05-notice-6886-gg-53735-regulations-for-int-tax-standards-amend-oecd-common-reporting-standard-28-november-2025/
- OECD (2023), *International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 update to the Common Reporting Standard*, OECD Publishing, https://doi.org/10.1787/896d79d1-en
- OECD CARF: Frequently Asked Questions – at https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-transparency-and-international-co-operation/faqs-crypto-asset-reporting-framework.pdf
- OECD (2025), *Crypto-Asset Reporting Framework XML Schema (July 2025): User Guide for Tax Administrations*, OECD Publishing, Paris, https://doi.org/10.1787/6e60235b-en
- CARF XML Schema at https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-transparency-and-international-co-operation/xml-schema-carf-v1.5.zip

- Multilateral Competent Authority Agreement on Automatic Exchange of Information pursuant to the Crypto-Asset Reporting Framework (CARF MCAA) and its commentaries at https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-transparency-and-international-co-operation/text-carf-mcaa.pdf
- List of signatories of the CARF MCAA – at https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-transparency-and-international-co-operation/text-carf-mcaa.pdf

GENERAL ISSUES

1. Extension of CARF and amended CRS effective date of 1 March 2026 by up to a year

Should the effective date be extended to 1 March 2027 to allow RFIs and RCASPs additional time after publication of the final regulations and SARS BRS to implement the necessary system, technology and training changes?

Response:

The effective date for both the amended Common Reporting Standard (CRS) Regulations and Crypto-Asset Reporting Framework Regulations (CARF), as reflected in the final regulations, is 1 March 2026. SARS did not agree with the requested extension of a year as stakeholders were informed since 2023 that development could start based on the Organisation for Economic Co-operation and Development (OECD) publication of the amended CRS and CARF model rules, as well as the OECD XML schemas, allowing over two years lead time.

On 10 November 2023, South Africa joined 47 other jurisdictions in releasing a joint public statement committing to commencing exchanges under CARF in 2027. Furthermore, on 16 November 2024, the SARS Competent Authority signed the Addendum to the CRS Multilateral Competent Authority Agreement (MCAA) and the CARF MCAA, committing to commencing with exchange of information in 2027. The latter is only possible with an effective date in 2026. Under both CRS MCAA and the CARF Multilateral Competent Authority Agreement, signatories of the MCAAs will have to demonstrate exceptional circumstances to the OECD Co-ordinating Body to postpone exchanges to 2028. The bases for extending the effective date advanced by stakeholders are not regarded as sufficient for this purpose, based on the experiences of other jurisdictions seeking similar relief. Furthermore, the OECD Task Team on Risk advised jurisdictions of substantial emerging CRS and CARF risks, necessitating implementing the amended CRS and CARF sooner rather than later.

See timeline below:

Date	Published Information & Events
Dec 2021	G20 called for updating AEOI Standard to bring tax transparency to Crypto-Asset Market
Nov 2022	Responding to G20, OECD at Global Forum Plenary agreed to develop CARF
Nov 2022	OECD at 2022 Global Forum Plenary agreed to establish **CARF Group**
June 2023	OECD published CARF & ACRS, Commentaries and XML Schemas & Guides
July 2023	G20 called for a commitment to timeline of exchanges by 2027
Oct 2023	South Africa signed CARF Joint Statement committing to 2027 EOI
Nov 2024	South Africa signed CARF MCAA & Addendum to CRS MCAA
2024-2025	SARS advised stakeholders at operational meetings to start preparing
15 Sep 2025	Draft ACRS and CARF Regulations published for public comment > 3 Oct 2025
23 Oct 2025	Draft external AEOI BRS published for public comments (2 commentators)
24 Oct 2025	Draft external CARF BRS published for public comments
28 Nov 2025	Final ACRS and CARF Regulations published in GG
> …to date	Ongoing meetings / workshops on BRS

The final CRS BRS and CARF BRS, after extensive consultation, were published on 16 February 2026.

Accordingly, the amended CRS & CARF plus their Commentaries, other guidance and the amended CRS and CARF XML Schemas were published more than 3 years ago, and it was public information that SARS would be an early adopter. Reporting Financial Institutions (RFIs) and Crypto-Asset Service Providers (CASPs) accordingly had sufficient lead time to commence preparation and implementation, but made the decision to wait for the final amended CRS and CARF Regulations and SARS Business Requirement Specification (BRS) for both, despite being well aware that it is SARS's intention to start exchanging in 2027. SARS has also an established history of hewing closely to the OECD/Global Forum models, for obvious reasons. Examples of this include the Country-by-Country Reporting Regulations (CbCR) and the CRS, first published in CRS (including the Mandatory Disclosure Rules (MDR)), as well as the Global Minimum Tax legislation (which incorporated the GloBE Model Rules by reference). This alignment is also evident from the draft CRS and CARF Regulations published in September 2025, the draft CRS BRS and CARF BRS published in October 2025, the final CRS and CARF Regulations published in November 2025 and the final CRS BRS and CARF BRS published in February 2026. Thus, RFIs & CASPs were in the position of starting development in time, only subject to some minor changes arising from BRS alignment with SARS systems.

2. Alignment between the amended CRS and CARF

Can the CRS and CARF be simplified and aligned to reduce reporting burden and regulatory inconsistencies?

Response:

A significant number of comments to the draft CRS Regulations and the CARF Regulations sought changes to "simplify and align" the frameworks outside the permitted scope for changes. The choice of provisions to effect alignment or cross-referencing between the amended CRS and CARF is based on deliberate policy decisions by the OECD drafters in consultation with delegates to CARF Group and WP10, which seeks to promote the amended CRS and CARF's consistent application across jurisdictions. Accordingly, these changes were not effected and are not included in these FAQs, with the exception of appropriate comments requiring clarity. This approach is set out below.

CRS and CARF similarities and differences

As the CRS and CARF are complementary but separate frameworks, it is important to understand both the CARF's similarities to the CRS and the CARF's differences to the CRS.

CARF similarities to the CRS:

- *Annualised reporting and exchange*: Like the CRS, the CARF applies annualised reporting requirements that support annual automatic exchanges between tax authorities. Reporting Crypto-Asset Service Providers RCASPs collect and report the pre-defined information to tax authorities, which subsequently exchange the information with the tax administrations of partner jurisdictions pursuant to an international agreement that provides a legal basis for the automatic exchange of information for tax purposes
- *Due diligence*: To the extent possible and appropriate, the CARF due diligence procedures are consistent with the CRS due diligence procedures, to minimise burdens on RCASPs when they are also subject to CRS obligations as Financial Institutions. The CARF also allows RCASPs that are subject to the CRS to rely on the due diligence procedures for New Accounts performed for CRS purposes

- *IT systems*: Like the CRS, the CARF requires certain IT systems to be put in place by tax authorities and reporting intermediaries to ensure that RCASPs and jurisdictions can report and exchange the required information respectively. In many cases, existing systems used by tax authorities for CRS exchanges can likely be expanded to support CARF exchanges
- *Confidentiality requirements*: Similarly to the CRS, the CARF requires jurisdictions to have appropriate confidentiality and data safeguards (CDS) in place, and the requirements are essentially the same as for the CRS. In this regard, all jurisdictions that implement the CRS undergo CDS assessments by the Global Forum pre- and post-exchange. Given that these assessments cover the scope of issues that concern AEOI in general, the assessments can be expected to continue to be relied upon, to the extent that the analysis and conclusions are applicable to the CARF (which is generally expected to be the case).

CARF differences to the CRS:

- *Scope of assets*: The CARF applies to a set of assets that differs from those covered by the CRS. While the CRS covers traditional money, securities, and other financial products (i.e., Financial Accounts), the CARF is concerned with Crypto-Assets. These assets are distinguishable from Financial Accounts as they rely on cryptography and distributed ledger technology, in particular blockchain technology, to be issued, recorded, transferred and stored. This is done in a decentralised manner, without the need to rely on traditional financial intermediaries or central administrators.
- *Scope of reporting intermediaries*: As opposed to the CRS, which covers Financial Institutions, the CARF covers a different set of reporting intermediaries, RCASPs, which are required to perform the due diligence and reporting (noting that some intermediaries might qualify both as Financial Institutions and RCASPs). Reporting Crypto-Asset Service Providers are defined in a functional manner to include both individuals and Entities that effectuate Exchange Transactions in relevant Crypto-Assets. Hence, while Financial Institutions can be RCASPs, the definition of RCASP also includes persons that are not covered under the CRS. Reporting Crypto-Asset Service Providers that are not Financial Institutions may have no experience with tax information collection and reporting given that they have not been subject to CRS.
- *The information reported*: While the CRS requires the annual reporting of account balances and information on payments and proceeds from sales of Financial Assets, the CARF has transaction-based reporting requirements of exchanges between Relevant Crypto-Assets and Fiat Currencies; exchanges between one or more forms of Relevant Crypto-Assets; and transfers of Relevant Crypto-Assets. These transactions will be reported with respect to a Crypto-Asset User on an aggregate basis by type of Relevant Crypto-Asset, distinguishing the type of transactions.
- *Reporting schema*: Similarly to the CRS requiring the use of the dedicated CRS XML Schema and User Guide for the CRS exchanges between tax authorities, reflecting the differences in the scope of assets and reporting requirements, the CARF has a dedicated CARF XML Schema and User Guide for the CARF exchanges. Jurisdictions could also consider using the CARF XML Schema domestically for the purpose of gathering the required information from their respective RCASPs.

Alignment between the CRS and CARF

As the CRS and CARF are complementary but separate frameworks, there will be some Entities reporting under both the CRS and the CARF. Furthermore, the amended CRS includes two set of amendments: one that is CARF related and another set to enhance the reporting outcomes under the CRS, the strengthening of the CRS due diligence procedures and increasing consistency in the application of the CRS. In respect of CARF related amendments, to reduce reporting burdens, particular attention was given to the efficient and frictionless interaction of the CARF with the CRS.

However, the choice of provisions to effect alignment between the CRS and CARF is based on the policy choices of the OECD Inclusive Framework drafters in consultation with delegates, which seek to promote the consistent application of the amended CRS and CARF across jurisdictions to ensure a level playing field. A jurisdiction implementing these frameworks have a very limited ability to make changes and normally only to the extent permitted by the OECD under the frameworks and where necessary to align with a jurisdiction's domestic law in certain prescribed circumstances. The OECD provides guidance on the scope of jurisdictional permitted changes, generally in the amended CRS and CARF Commentaries or legislative checklists ("the permitted scope" for changes).

Given the complexity of the amended CRS and, in particular, the CARF, changes outside the permitted scope may have unintended consequences and may be prejudicial to South Africa's legislative peer reviews by the OECD and its future relationship with partner jurisdictions. Using the correct definitions and applying the requirements correctly are critical to ensure the correct scope of application the CARF. Definitions must be used as specified to ensure the proper reporting scope.

Globally consistent standards

Furthermore, consistency in domestic incorporation (legal framework) and implementation (in line with OECD XML Schemas), is important because the amended CRS and CARF are designed as globally consistent standards for automatic exchange of tax information and the prescribed XML Schemas ensure correct implementation of the legal frameworks and the correct reporting of reliable data. If jurisdictions make too many or material changes when incorporating these model rules into domestic law or to the prescribed XML Schemas for implementation, several issues arise. Consistency is important given that it:

- *Preserves Global Interoperability*: These frameworks rely on uniform definitions, reporting formats, and timelines so that information can be exchanged seamlessly between tax authorities worldwide. Material deviations, in particular in respect of the prescribed XML Schemas, create mismatches that hinder data exchange.
- *Maintains Level Playing Field*: If one jurisdiction significantly alters scope or obligations, it could create competitive distortions – either making compliance easier (risking under-reporting) or harder (driving business offshore).
- *Supports Effective Enforcement*: The OECD model rules are drafted to close loopholes and ensure comprehensive coverage. Material changes could reintroduce gaps, undermining the goal of preventing tax evasion.
- *Facilitates Mutual Trust Among Jurisdictions*: The automatic exchange system depends on reciprocal commitments. If a jurisdiction's rules diverge too far, other countries may question the reliability of its data, weakening cooperation.

When a jurisdiction strays from the model OECD amended CRS or CARF XML schema rules in its local implementation, several problems can arise, in particular interoperability issues and data exchange failures:

- The most immediate risk is that data exchanged may become unusable or prone to error. The amended CRS and CARF rely on standardised data formats (the XML schemas) for reporting financial information.
- These schemas presuppose common definitions. If a jurisdiction changes what must be reported or uses different definitions, the data it sends might not match or aligned to what the receiving country expects.
- Suppose a country redefines what constitutes a "Reportable Crypto-Asset Service Provider" in a way that excludes certain entities – then other countries expecting data on those entities will not obtain matching and credible data. In short, breaking the schema or definitions can lead to partial or failed exchanges.
- The OECD explicitly warns that a technical reporting format "must be standardised so that information can be captured, exchanged and processed quickly and efficiently" across systems. Deviations jeopardise that compatibility. Tax authorities have invested heavily in IT systems to send and receive CRS data in the common format; non-conforming data may be rejected by automated systems or worse, slip through with inaccurate interpretation.

One of the elements of the OECD CRS Effective Implementation peer reviews, is to check with South Africa's partner jurisdictions what is the 'matching rate' of data transmitted by SARS. In respect of the past two CRS peer reviews of South Africa, data matching has been found to be significantly lower than between other CRS partner jurisdictions. *This implies too many jurisdictional changes were made by SARS when implementing the CRS XML Schema*.

See further the text box below.

Global Forum Demands Consistency

The international community – through the OECD's Global Forum – actively monitors that countries implement CRS and CARF "**in a uniform manner internationally.**" Jurisdictions that made material changes have been called out in peer reviews as "**not standard-compliant,**" pressuring them to fix their laws. This peer scrutiny (and the threat of reputational damage or being deemed non-cooperative) reinforces that **sticking to the model rules is not just best practice but expected of participating** jurisdictions.

3. Alignment between CARF and AML or KYC and crypto-asset licensing rules under domestic regulation

Should the CARF requirements be aligned with existing AML or KYC and licensing rules to avoid duplication and regulatory confusion?

Response:

Domestic regulatory differences – such as between international tax standards such as the amended CRS and CARF, and regulatory Acts such as the Financial Intelligence Centre Act, 2001 (FICA – administered by the Financial Intelligence Centre (FIC) and licensing rules under the Financial Advisory and Intermediary Services Act, 2002 (the FAIS Act – administered by the Financial Sector Conduct Authority (FSCA)) – are generally irrelevant, as these various pieces of legislation have different purposes. The amended CRS and CARF are international standards for exchange of information and not necessarily for the regulation or taxation of Financial Assets in a domestic context, except where domestic use is provided for.

No examples were given of where provisions of these pieces of legislation created duplication and confusion. Although there are different definitions and descriptions of certain terms, such as a “Crypto-Asset” and a “Crypto-Asset Service Provider” between the CARF, FICA or FAIS Act. Contrary to the CARF definition of Reportable Crypto-Asset Service Provider, under FICA a person that as a business transacts, exchanges and keeps Crypto-Assets, is an “Accountable Institution” required to conduct customer due diligence for purposes of Anti-Money Laundering (AML) or Know Your Customer (KYC) of a client and is supervised by the FIC (refer Item 22, Schedule 1 to FICA), as well as a person conducting business as an Financial Service Provider in respect of Crypto-Assets is regarded as an “Accountable Institution” required to conduct customer due diligence for purposes of AML/KYC of a client (refer Item 12, Schedule 1 to FICA) and is supervised by the FSCA under both the FICA and FAIS Act – including ensuring the registration and licensing of these Financial Service Providers. However, no conflict, duplication or confusion arise when these terms are interpreted in the context and purpose of each piece of legislation.

The same goes for different definitions of a “Crypto-Asset” in the CARF, FICA and the FAIS Act. Given the alignment between Financial Action Task Force (FATF) 2012 and domestic AML/CTF/CFP legislation (e.g., under the FICA and FAIS Act), the definition of Relevant Crypto-Assets means that in most cases Relevant Crypto-Assets covered under the CARF also fall within the scope of the FATF Recommendations (given effect to in SA in the FIC Act), ensuring the due diligence requirements under CARF can, as far as possible, build on existing AML/KYC obligations. The term AML/KYC Procedures means the customer due diligence procedures of a RCASP pursuant to the anti-money laundering or similar requirements to which such RCASP is subject (i.e., FICA).

There is accordingly no need for alignment between the CARF and other Crypto-Asset regulatory legislation as the purposes and objectives of these pieces of legislation differ. To the extent that alignment with AML/KYC regulatory laws is required, this has been effected by the OECD drafters in the CARF.

SECTION I – OBLIGATIONS OF REPORTING CRYPTO-ASSET SERVICE PROVIDERS

4. Application of nexus rule to obligations of RCASPs

What are the "nexus rules" and when do they apply?

Response:

The hierarchy of nexus under Section I of the CARF determines which jurisdiction has the strongest claim to require reporting by a RCASP. The nexus hierarchy ensures one primary reporting jurisdiction. Section I(A)–(H) defines when an RCASP has a nexus in a jurisdiction and establishes a hierarchy to determine the primary reporting jurisdiction when multiple nexuses exist. The rule is that the jurisdiction with the strongest link – higher in the hierarchy – prevails. For example, if an Entity RCASP is tax resident in one jurisdiction but incorporated in another, it reports where it is tax resident. Where two jurisdictions share an equal-priority nexus (e.g., place of management) and both have CARF exchange arrangements, the RCASP may report in either, provided it notifies the other jurisdiction.

Hierarchy of jurisdictions of nexus rules for RCASPs

1. Jurisdiction of tax residence	Refers to the jurisdiction where the RCASP (either an Entity or individual) has its tax residence. *Where should the RCASP report?* If an Entity RCASP reports in its jurisdiction of tax residence, then it has no reporting requirements in Partner Jurisdictions that are places of incorporation, management, or regular place of business. Furthermore, an Entity RCASP is not required to complete reporting and due diligence requirements for a Branch located in a Partner Jurisdiction, if the Branch itself reports its activities to the Partner Jurisdiction. If an individual that is a RCASP reports in its jurisdiction of tax residence, then it has no reporting requirements in Partner Jurisdiction(s) where it has a regular place of business.
2. Jurisdiction of incorporation or organisation, where the Entity has legal personality or the obligation to files taxes	For Entity RCASPs, this criterion captures situations where an Entity RCASP (noting the wide definition of the term Entity in this context) is (a) incorporated or organised under the laws of a certain jurisdiction; and (b) subject to an obligation to file tax returns or tax information returns to the tax authorities in the jurisdiction with respect to its income. *Where should the RCASP report?* If an Entity RCASP reports in its jurisdiction of incorporation, then it has no reporting requirements in the Partner Jurisdictions where it has a place of management or regular place of business. Furthermore, an Entity RCASP is not required to complete reporting and due diligence requirements for a Branch located in a Partner

	Jurisdiction, if the Branch itself reports its activities to the Partner Jurisdiction.
3. Jurisdiction of management	For Entity RCASPs, this criterion captures the place of effective management, as well as any other place of management of the Entity. This criterion also includes situations where a trust (or a functionally similar Entity) that is a RCASP is managed by a trustee (or functionally similar representative) that is tax resident in a jurisdiction. *Where should the RCASP report?* If an Entity RCASP reports in its jurisdiction of management, then it has no reporting requirements in Partner Jurisdiction(s) where there is a regular place of business. Furthermore, an Entity RCASP is not required to complete reporting and due diligence requirements for a Branch located in a Partner Jurisdiction, if the Branch itself reports its activities to the Partner Jurisdiction.
4. Jurisdiction that is a regular place of business	For Entity or Individual RCASPs, this criterion captures a principal place of business, as well as other regular places of business of the RCASP. A Branch of an Entity RCASP is to be considered a regular place of business of such Entity RCASP. However, an Entity RCASP is not required to complete reporting and due diligence requirements for a Branch located in a Partner Jurisdiction, if the Branch itself reports its activities to the Partner Jurisdiction.

5. Regular place of business nexus – application to branches

If an RCASP is required to report in a jurisdiction under Section I(A)(4) because it has a Branch there, and it does not have a higher-priority nexus in another CARF-implementing jurisdiction, must it apply the reporting and due diligence rules only to Relevant Transactions of that Branch, or to all Relevant Transactions of the Entity?

Response:

Section I of the CARF also governs Branch reporting. A Branch is any unit or office treated as such for regulatory purposes, giving the RCASP a regular place of business in that jurisdiction. Branch reporting depends entirely on where the RCASP has the strongest nexus. If the highest nexus that the RCASP has to a jurisdiction that has implemented CARF is a Branch, the RCASP should complete the reporting and due diligence requirements in the Jurisdiction with respect to all Relevant Transactions effectuated by the Entity, not only those effectuated by the Branch, unless the Entity has another Branch in a jurisdiction that has implemented CARF and Section I(G) or I(H) are applicable. Thus, if the RCASP has a higher-priority nexus elsewhere, it generally reports in that other jurisdiction for the Branch's activities. However, if the Branch reports locally and that jurisdiction has an exchange agreement with the primary jurisdiction, the RCASP need not duplicate reporting. An RCASP with multiple Branches satisfies due diligence and reporting obligations if any one Branch in an implementing jurisdiction performs them.

The CARF allows a "branch reporting relief" rule, namely, that if the RCASP has a higher nexus elsewhere, and the Branch's host jurisdiction has an exchange agreement with the stronger nexus jurisdiction, and the Branch itself reports locally, then the Entity is relieved from reporting the Branch's activities in the stronger nexus jurisdiction. Exceptionally, and unless an implementing jurisdiction specifies otherwise, during the first years of initial staggered implementation by the jurisdictions committed to implement the CARF at a specified date, an RCASP may complete the reporting and due diligence requirements in the jurisdiction of the Branch only with respect to Relevant Transactions effectuated by such Branch.

6. Regular place of business nexus – application to customer base

Does the mere existence of customers or a customer base in a jurisdiction create a nexus that subjects a CASP to reporting and due diligence obligations in that jurisdiction, for example, by constituting a "regular place of business" for purposes of Section I(A)(4)?

Response:

No. Under CARF, having customers in a jurisdiction does not create a nexus and does not by itself make a RCASP subject to reporting or due diligence obligations in that jurisdiction, as the sole existence of a customer base in an implementing jurisdiction does not constitute a regular place of business for purposes of Section I(A)(4) of the CARF. A "regular place of business" refers to an actual physical presence such as a permanent establishment, branch, office, or similar fixed business unit. Nothing in the CARF or Commentary treats customer presence, market access, or remote service provision as establishing a "regular place of business" under Section I(A)(4).

This position is explicitly confirmed by the OECD CARF Frequently Asked Questions and is consistent with the structure and policy of the CARF (refer CARF FAQs (Dec 2025), under Section I: Obligations of Reporting Crypto-Asset Service Providers). SARS's draft CARF BRS, in turn. adopts the OECD's nexus concepts and terminology. It treats a Branch as a unit, office, or business recognised for regulatory purposes and does not equate customer location or commercial reach with a Branch or regular place of business.

7. Reporting and due diligence obligations for CASPs as custodial and non-custodial providers

Should CARF reporting and due diligence obligations under Section I(A) be limited to custodial providers (such as centralised exchanges and custodial wallet operators) that hold customer assets and data, given that non-custodial providers may lack the ability to perform the required functions and extending CARF to them would be unenforceable and disproportionate?

Response:

In accordance with OECD CARF FAQ 1 on Section IV (Dec 2025), CARF reporting and due diligence obligations are not limited to custodial providers, but apply to any Entity or individual that, as a business, effectuates Exchange Transactions in Relevant Crypto-Assets for or on behalf of customers, where that person exercises control or sufficient influence to comply with the CARF requirements. The CARF therefore adopts a functional, capability-based approach, rather than a custody-based distinction, and does not exclude non-custodial providers solely because they do not hold customer assets.

The OECD FAQ further recognises that an implementing jurisdiction may defer the application of the control and sufficient influence test in the context of Decentralised Finance (DeFi) arrangements pending further OECD interpretative guidance, taking into account relevant regulatory developments, including at FATF level. SARS supports this limited and transitional deferral where arrangements are genuinely decentralised, and no identifiable person exercises sufficient control or influence to perform due diligence and reporting functions. This deferral does not constitute a general exclusion of DeFi from the CARF and does not apply to platforms or service providers – custodial or non-custodial – that, in substance, retain operational control or influence enabling compliance.

Accordingly, SARS will apply the CARF in line with the OECD standard, ensuring that reporting obligations attach only where they are practically feasible and enforceable, while monitoring further OECD and FATF guidance to inform the future application of the control and sufficient influence test to DeFi arrangements.

SECTION II – REPORTING REQUIREMENTS

8. Role by virtue of which the Reportable Person is a Controlling Person of the Entity

Is it necessary for the CARF to clarify the role of a Controlling Person similar to such clarification under the CRS?

Response:

Unlike the CRS, Controlling Persons are not universally relevant under the CARF. They are required to be identified and reported only in specific circumstances, namely, a) where the Crypto Asset User is an Entity, and b) where the CARF due diligence rules expressly require identification of Controlling Persons (for example, certain Entity Crypto-Asset Users that are not excluded persons). Refer Section II(A)(1) & (2)(e) of the CARF.

It is, accordingly, not necessary for the CARF to provide a clarification of the role of a Controlling Person equivalent to that contained in the CRS. The CARF is a distinct, transaction-based reporting framework that deliberately limits the relevance of Controlling Persons to specific, defined circumstances, rather than adopting the broader CRS Entity-classification architecture. Under the CARF, the identification of Controlling Persons arises only where expressly provided for in the framework and is linked to targeted anti-avoidance risks, rather than to a general determination of Entity status.

Under the CARF, a Controlling Person is defined as the natural person(s) who exercise control over an Entity Crypto-Asset User, interpreted in a manner consistent with the FATF Recommendations. This definition is deliberately aligned with FATF concepts of beneficial ownership and control, rather than creating a bespoke CARF-specific test. The CARF explicitly requires that the term Controlling Person be interpreted consistently with FATF Recommendations, including identifying beneficial owners of companies, trusts, and similar arrangements; and looking through legal form to substance where necessary.

Further important principles under FATF in respect of Controlling Person under CARF:

- Only individuals can be Controlling Persons. Legal persons or arrangements cannot themselves be Controlling Persons; they may only be Entity Crypto-Asset Users
- “Control” is determined by reference to *ultimate effective control*, which may arise through ownership interests, voting rights, contractual rights, decision-making authority, or other means of exercising influence over the Entity

- The determination of a controlling person/beneficial owner is not limited to formal shareholding thresholds.

By contrast, the CRS requires extensive clarification of Controlling Persons because it relies on that concept as a central mechanism for determining reportability of Passive NFEs and financial accounts. However, the OECD deliberately avoided replicating the CRS's detailed Controlling Person architecture in the CARF, to prevent over-complexity and disproportionate compliance burdens. Accordingly, the existing CARF provisions and definitions are sufficient to govern when Controlling Persons are relevant, and any additional clarification should, if required, be provided through interpretative guidance rather than by replicating CRS-specific explanatory rules within the CARF Regulations.

9. Requirement to collect certain information such as place of birth

Is it necessary for the CARF to require CASPs to collect Crypto-Asset Users' Place of Birth, given that this information is not currently collected in South Africa or common international practice, and that Crypto-Asset User identification will already be sufficiently supported by identity or passport numbers and Taxpayer Identification Numbers (TINs)?

Response:

Section II(C) of the CARF provides that notwithstanding subparagraph A(1), the place of birth is not required to be reported unless the RCASP is otherwise required to obtain and report it under domestic law. Thus, a CASP is only required to provide the place of birth if it is otherwise required to obtain and report it under domestic law – refer Section II(C). This is not currently the case under South African law.

10. Multiple tax residences of Crypto-Asset Users

Should the CARF expressly permit multiple tax residences, consistent with the CRS approach, so that where a Crypto-Asset User is resident for tax purposes in two or more jurisdictions, the Crypto-Asset User is treated as reportable in respect of each relevant jurisdiction unless determined otherwise?

Response:

Multiple tax residences

The CARF framework already accommodates the possibility that a Crypto-Asset User may be resident for tax purposes in more than one jurisdiction, and it is therefore not necessary for the CARF Regulations to be amended to introduce a separate rule analogous to the amended CRS provisions cited. The CARF Commentary on Section III(A)(1) makes clear that the due diligence procedures are intended to identify the jurisdiction(s) of tax residence of a Crypto-Asset User based on self-certification and applicable indicia, and do not restrict a Crypto-Asset User to a single jurisdiction of residence. Where a Crypto-Asset User is resident in more than one jurisdiction, all such jurisdictions must be taken into account for reporting purposes.

This approach is reinforced by the CARF Commentary on Section IV, which confirms that reporting obligations attach by reference to the Crypto-Asset User's tax residence(s) as determined under the CARF due diligence rules, and that reporting is not limited to a single jurisdiction where multiple residences exist. Accordingly, where a Crypto-Asset User is identified as resident for tax purposes in two or more jurisdictions, the RCASP must treat the

Crypto-Asset User as reportable in respect of each relevant jurisdiction, subject to the application of any exclusions provided for in the CARF. This outcome mirrors the substantive effect of the amended CRS "multiple residence" rules, even though the CARF does not replicate their wording.

Meaning of "tax resident" in the context of partnerships

CARF Commentary on CARF Section IV provides that, as a general rule, an individual or Entity is a "Reportable Jurisdiction Person" if it is resident in a Reportable Jurisdiction under the tax laws of such jurisdiction. Domestic laws differ in the treatment of partnerships (including limited liability partnerships). Some jurisdictions treat partnerships as taxable units (sometimes even as companies) whereas other jurisdictions adopt what may be referred to as the fiscally transparent approach, under which the partnership is disregarded for tax purposes.

Where a partnership is treated as a company or taxed in the same way, it would generally be considered to be a resident of the Reportable Jurisdiction that taxes the partnership. Where, however, a partnership is treated as fiscally transparent in a Reportable Jurisdiction, the partnership is not "liable to tax" in that jurisdiction, and so cannot be a resident thereof. CARF guidance provides that where an Entity Crypto-Asset User (such as a partnership or similar legal arrangement) certifies that it has no residence for tax purposes, the RCASP may determine the Entity's residence by reference to the place of effective management or principal office address.

For these purposes, a legal person or a legal arrangement is considered "similar" to a partnership and a limited liability partnership where it is not treated as a taxable unit in a Reportable Jurisdiction under the tax laws of such jurisdiction. This proxy approach is intended to address entities that are fiscally transparent or established in jurisdictions without a corporate income tax system and ensures that such entities are not treated as non-reportable solely due to the absence of formal tax residence.

11. Reporting of "tax nomads" or persons claiming to be not resident in any jurisdiction

How must "tax nomads", i.e., Crypto-Asset Users without a fixed tax residence or who claim not to be resident for tax purposes in any jurisdiction, be dealt with and reported under the CARF?

Response:

"Tax nomad" is not a legal concept in domestic tax law or in international tax standards, but a colloquial term sometimes used to describe individuals who live across multiple jurisdictions and assert that they are not tax-resident anywhere. No mainstream tax system recognises "tax nomad" status as conferring tax non-residence by default. Under international norms, the starting presumption is that every individual is tax-resident somewhere, subject only to limited and exceptional circumstances determined by domestic law.

Tax residence is determined solely by the domestic tax laws of jurisdictions, not by personal preference, mobility, absence of registration, or the existence of private tax opinions. Liability for source-based taxes or the absence of a tax number or filing history does not establish, or negate, tax residence. As a result, unqualified claims of being "tax-resident nowhere" are treated as high-risk assertions by tax administrations and are not accepted where other indicia of residence exist.

Neither the CRS nor the CARF, or South African tax law for that matter, recognises a category of individuals who are resident nowhere, or who are exempt from residence determination due to mobility or income patterns. Accordingly, it is incorrect to conclude that an individual who claims to be a "tax nomad" is therefore automatically not reportable under the CRS or CARF. Both frameworks require RFIs or RCASPs to apply the due diligence rules to determine if individuals are linked to one or more jurisdictions of tax residence based on self-certification and/or indicia.

In the context of the CARF, where an individual crypto-asset user asserts that they are not resident in any jurisdiction, RCASPs must apply the following approach:

- *Handle as an exceptional case*: Claims of having no tax residence may arise only in limited circumstances and may be accepted only where supported by a valid self-certification that is reasonable based on information obtained at account opening, including AML or KYC documentation.
- *Obtain a complete self-certification*: The RCASPs must ensure that the self-certification contains sufficient information to determine the crypto-asset user's jurisdiction(s) of tax residence (and TINs, where applicable). Where "no tax residence" is claimed, this must be explicitly stated, together with any explanation required under local rules or form design.
- *Apply the reasonableness test using RCASP records and AML/KYC information*: The RCASP must assess whether the claim is consistent with information on file, including residence or mailing addresses, phone numbers, identification documents, correspondence instructions, and other AML/KYC data. Legal or tax opinions provided by the customer do not replace the requirement to obtain a self-certification or to apply the CARF reasonableness test; RCASPs are required to validate information, not to determine tax residence as a matter of law.
- *Where indicia conflict, seek clarification or a new self-certification*: If the RCASP has reason to doubt the claim (e.g., indicia pointing to a specific jurisdiction), the self-certification is not reliable and the RCASP must obtain a corrected self-certification or sufficient clarification in accordance with SA CARF rules.

- Practical outcomes:
  - *Claim not reasonable or inconsistent with RCASP records*: The RCASP must obtain clarification or a corrected self-certification, apply the relevant due diligence procedures pending resolution, and retain records of the steps taken
  - *No or incomplete self-certification*: The RCASP must follow the applicable CARF due diligence and SA domestic implementing rules for accounts without valid self-certification, including any preexisting account style procedures where applicable.

Importantly, pursuant to the Anti-Avoidance provisions of the CARF under Section V(A) of the CARF Regulations, if a crypto-asset user enters into any arrangement or structure with the main purpose, or one of the main purposes, to avoid any obligation under the CARF, including reporting to their jurisdiction of tax residence, the CARF are to have effect as if the arrangement or structure had not been entered into.

12. Meaning of the term jurisdiction of residence, residence, or resident in a Reportable Jurisdiction

Please clarify what these CARF terms mean: "jurisdiction of residence"; "the residence of the Entity Crypto-Asset User"; "is resident in a Reportable Jurisdiction"; "… the Reporting Crypto-Asset Service Provider may rely on the place of effective management or on the address of the principal office to determine the residence of the Entity Crypto-Asset User"; "… the Entity Crypto-Asset User is resident in a Reportable Jurisdiction".

Response:

Under the CARF, references to "jurisdiction of residence", "the residence of the Entity Crypto-Asset User", and being "resident in a Reportable Jurisdiction" all relate to tax residence as determined under ordinary domestic tax-law principles, not a separate CARF-specific test. An Entity Crypto-Asset User is treated as resident in a Reportable Jurisdiction where it is resident for tax purposes in a jurisdiction that participates in CARF exchange. Where an Entity's residence is not clearly established through a self-certification, the CARF permits an RCASP to rely on objective proxy indicators, notably the place of effective management or the address of the principal office, to determine the Entity's residence. These concepts are used consistently to identify whether reporting and exchange obligations are triggered and are aligned with long-standing CRS practice to ensure administrability, proportionality and international consistency (see CARF Sections I–III and Commentary on Section III). *Cf.* SARS CARF FAQ 10 above.

13. Effect of the CBI/RBI jurisdictions on the reliability or reasonability of self-certification

Should residence in a CBI/RBI jurisdiction be treated as relevant for CARF purposes when assessing the reasonableness and validity of a self-certification, particularly where the claimed tax residence conflicts with AML/KYC information or other indicia held by the RCASP?

Response:

Under CARF, an RCASP may rely on a self-certification only if it is reasonable, having regard to a) the information contained in the self-certification; and b) any other information obtained or maintained by the RCASP (including AML/KYC records). This mirrors the CRS reasonableness standard and is deliberately substance-based, not formalistic. Citizenship-by-Investment (CBI) or Residence-by-Investment (RBI) (CBI/RBI) status does not invalidate a self-certification *per se* under CARF, but it materially heightens the scrutiny required under the reasonableness test given that CBI/RBI programmes increase the risk of paper residence without economic substance. Where a Crypto-Asset User claims tax residence in a CBI or RBI jurisdiction, the RCASP must assess the self-certification against all other information obtained or maintained and must treat the self-certification as unreliable if it conflicts with that information. CBI/RBI jurisdictions therefore operate as risk indicators, not automatic disqualifiers.

In determining reasonability of self-certification and if jurisdiction(s) of tax residence is correct, CBI/RBI status may be relevant and, thus, the OECD list of questionable CBI/RBI jurisdictions, published on the OECD website, would be a useful source for this purpose. Note that the OECD, for CRS and CARF purposes, does not blacklist CBI/RBI jurisdictions or deem residence claims in such jurisdictions to be presumptively false. If the self-

certification indicates an CBI/RBI jurisdiction, this, in addition to other factors as pointed out in question, may result in a conclusion by the RCASP that the self-certification is not valid as it does not meet the reasonability test. In practice, CBI/RBI claims frequently diverge from economic and personal reality, creating a higher probability that the self-certification will fail the reasonableness test. The CARF relies on the reasonableness filter, rather than jurisdictional exclusion.

The following are generally CARF "reasonableness failures" examples, and their presence is particularly probative where the claimed residence is a CBI/RBI jurisdiction:

- *Address inconsistency*: Example – Self-certification: tax resident in Country A (CBI/RBI) vs AML/KYC: permanent residential address in Country B. Effect – self-certification is not reasonable, is unreliable and the RCASP must seek clarification or a new self-certification.
- *Economic and personal ties to another country*: Example – Claims tax residence in Country A (CBI) vs Employed full-time, paid, and socially insured in Country B. Effect – Strong contradiction and self-certification cannot be relied upon unless reconciled.
- *Internal data conflicts*: Where RCASP-held information, such as onboarding records, transaction metadata, IP location patterns (where retained) or linked fiat on-ramps, contradicts the self-certification, the RCASP may not ignore those conflicts, as reasonableness must be assessed holistically, not document-by-document.

Importantly, even in CBI/RBI cases, the CARF does not require RCASPs to investigate tax law of the claimed jurisdiction; verify physical presence days; assess treaty tie-breaker rules or determine "true" residence. The obligation is limited to rejecting self-certifications that are internally inconsistent or contradicted by known facts.

14. Reporting of crypto-asset transactions by transfer type and aggregate values

Given that the CARF require highly granular reporting (including by transfer type), which does not align with existing transaction systems of some CASPs and would require new system builds, reporting on an aggregated basis should be permitted rather than prescribing granular categories that may be operationally impractical to implement?

Response:

Under the CARF, reporting is intentionally transaction-level and type-specific and aggregate-only reporting is not permitted. Section II of the CARF (Reporting Requirements) defines Relevant Transactions – fiat to crypto exchanges, crypto to crypto exchanges, Transfers (including to self-hosted wallets), and Reportable Retail Payment Transactions – and requires RCASPs to report prescribed data elements for each transaction and by transaction type so that partner jurisdictions can perform resident-level matching and risk analytics. The CARF Commentary explains that this granularity is essential to reconstruct income, gains and cross-border flows and to ensure interoperability of automatic exchanges; replacing these data with aggregates would undermine the standard's objectives and comparability across jurisdictions.

The CARF XML Schema and User Guide structurally mirrors the model rules by capturing transaction-level items (e.g., dates, units, fair market value or proceeds, and type of transfer). Because competent authorities exchange CARF data using this schema, jurisdictions are expected to collect domestically in a form compatible with the schema; aggregate reporting would not validate against the schema and would frustrate exchange.

The OECD CARF FAQ 1 on Section IV (Dec 2025) reinforce implementation fidelity rather than aggregation carve-outs. Updates in 2024 and 2025 clarify scope and specific edge cases (e.g., retail payment transactions; reliance in business transfers; non-custodial or DeFi control tests) but do not provide for replacing transaction-level reporting with aggregated totals. Where flexibilities are recognised (e.g., transitional treatment of DeFi "control and sufficient influence"), they concern who must report or when a test applies – not the granularity of the information reported.

15. Reporting of foreign currency denominated crypto-assets

Given the CARF requirement to report foreign-currency-denominated crypto-assets in ZAR at the time of each Relevant Transaction, how should high-volume platforms address the practical challenges of real-time currency conversion, including price volatility and discrepancies between market data feeds, without incurring disproportionate compliance burdens?

Response:

The CARF requires Relevant Transactions to be reported in the domestic currency using a value determined at the time of the transaction, consistent with established CRS practice. However, it does not require real-time currency conversion, prescribe specific exchange-rate sources, or mandate per-transaction pricing feeds. Instead, the CARF allows RCASPs to apply reasonable and consistently applied valuation and conversion methodologies – such as batch processing, end-of-day rates or appropriate averages – provided these reasonably reflect transaction-time value.

The framework deliberately aligns with CRS valuation principles to ensure proportionality and scalability, particularly for high-volume platforms. Price volatility and data-feed differences are inherent market features that the CARF accommodates through this operational flexibility. (*Cf.* CARF Commentary on Section II(D)–(F) paras. 33-34). Accordingly, reporting in ZAR based on transaction-time value is CARF-compliant, and real-time conversion is not required.

16. Reporting of ownership in respect of transfers to wallet addresses

Does SARS require RCASPs to report transfers to wallet addresses not linked to VASPs (virtual asset service providers) or financial institutions? If so, this is operationally difficult and burdensome. CASPs often cannot accurately identify wallet ownership without costly third-party tools that are frequently unreliable. This reliance may hinder smaller CASPs and limit competition.

Response:

Section II(A)(3)(i) of the CARF provides that for each relevant Reporting Period or other appropriate period, and subject to the obligations of RCASPs in Section I and the due diligence procedures in Section III, an RCASP must report the following information with respect to its Crypto-Asset Users that are Reportable Users or that have Controlling Persons that are Reportable Persons, for each type of Relevant Crypto-Asset with respect to which it has effectuated Relevant Transactions during the relevant Reporting Period or other appropriate period: the aggregate fair market value net of transactions fees, as well as the aggregate number of units in respect of Transfers by the Reportable Crypto-Asset User effectuated by the RCASP to wallet addresses not known by the RCASP to be associated with a virtual asset service provider or financial institution.

Taxpayers' holdings and transfers of Relevant Crypto-Assets outside the scope of RCASPs subject to reporting are also relevant to tax authorities. In order to increase visibility on these, the CARF requires reporting of the number of units and the total value of Transfers of Relevant Crypto-Assets effectuated by an RCASP, on behalf of a Crypto-Asset User, to wallets not associated with a virtual asset service provider or a financial institution. No more information or action than what is set out above is required, such as requiring CASPs to determine the controlling persons or beneficial ownership of external, non-VASP wallet addresses or mandatory reliance on third-party attribution tools. In case this information gives rise to compliance concerns, tax administrations could then request more detailed information on the wallet addresses associated with a Crypto-Asset User through existing exchange of information channels (refer CARF Commentary paragraph 21 of introduction).

SARS's CARF policy in this context is aligned with that of the OECD and there is no obligation under Section II(A)(3)*(i)* to identify owners of unknown self-hosted wallets while retaining event-level transfer reporting. If, going forward, any uncertainty arises in this context, further clarity will be provided.

17. Crypto-asset exchanges operating across multiple jurisdictions

Where a Crypto-Asset Service Provider operates through subsidiaries in jurisdictions that are not parties to the relevant Multilateral Competent Authority Agreement, are those subsidiaries nonetheless required under the regulations to report information in respect of such non-participating jurisdictions?

Response:

This is generally regulated by the jurisdictional nexus rules under the CARF, as supplemented by the CARF Commentary and other guidance such as the CARF FAQs.

If a country has not implemented the CARF into its domestic law (and thus has not activated the CARF MCAA), then CASPs operating solely in that jurisdiction are not legally required to report information under the CARF. The CARF's reporting obligations take effect only in jurisdictions that adopt the CARF in their local legislation. In other words, a subsidiary in a non-implementing country has no direct CARF reporting duty until that country enacts the CARF rules.

However, there are important caveats and cross-border considerations:

- *OECD Guidance on Branches*: If a CASP maintains a Branch in a CARF-participating jurisdiction, the OECD clarified that this Branch nexus can trigger CARF obligations for the entire legal Entity. In the 2024 CARF FAQs, the OECD stated that when an Entity's highest connection to a CARF jurisdiction is a branch, the Entity must report all of its global transactions under CARF, not just Branch activities . This means a company headquartered in a non-CARF country could still face CARF reporting via its branch's jurisdiction.
- *National Authorities & Legal Commentary*: Tax authorities and experts stress that gaps in CARF adoption create compliance grey areas. The OECD and Global Forum have urged all major crypto market jurisdictions to implement CARF to avoid "hiding places" for untaxed crypto assets. Legal analysts note that for now a CASP subsidiary in a non-participating country may find itself at a competitive advantage (no reporting burden) but also at risk of future regulatory change. Many expect that as CARF becomes the global standard, pressure will mount on holdout jurisdictions to implement it or face reputational and possibly market access consequences.

- Thus, legally, a subsidiary located in a jurisdiction that has not enacted CARF rules does not have to report under CARF at this time. Its compliance duties are defined by that jurisdiction's laws – and if CARF isn't in those laws, no CARF reports are required. But this does not grant immunity if the subsidiary's business crosses into CARF-participating regions. Such a subsidiary must monitor whether it must comply with other jurisdictions' regulations (like DAC8 or similar CARF-inspired rules) due to its customer base or operations. As global tax frameworks converge, even CASPs in non-implementing countries may voluntarily begin CARF-style due diligence to prepare for eventual adoption or to meet partners' expectations.

SECTION III – DUE DILIGENCE PROCEDURES

18. Reporting of crypto-asset users with outstanding self-certifications

While the draft CARF provides 12 months to collect a valid self-certification in respect of Preexisting Crypto-Asset Users, it doesn't clarify how RCASP should report these Users while the self-certification remains outstanding or once suspended. So, for example, shouldn't the same provisions from the amended CRS apply, i.e., Section I(C).

Response:

The OECD CARF and CRS are separate OECD standards. The CRS provisions do not automatically apply to the CARF. In the context of Preexisting Crypto-Asset User, CARF allows RCASPs up to 12 months to obtain a valid self-certification, but –

- the reporting obligation is not suspended during that period;
- the User remains a Crypto-Asset User for CARF purposes; and
- the RCASP must continue reporting Crypto-Asset Users and all Relevant Crypto-Asset Transactions.

The 12-month rule is a due diligence grace period, not a reporting holiday during which reporting is deferred.

Thus, where a Crypto-Asset User's self-certification is outstanding or suspended within the 12-month collection window, the RCASP may not treat the Crypto-Asset User as "non-reportable". Instead, under its due diligence obligations pursuant to Section III(A) or (B) of the CARF, the RCASP must: a) continue reporting the User based on available information, and b), report them as having an undocumented or unvalidated tax residence, using the CARF data elements designed for missing or unreliable self-certifications. This is functionally equivalent to the amended CRS treatment in Section I(C) and Section VII(Abis) of the CRS, although the CARF does not incorporate those CRS provisions by reference but does so conceptually.

19. Extension of the 12-month period for self-certifications for preexisting crypto-asset users

Should the 12-month remediation period for obtaining self-certifications from pre-existing Crypto-Asset Users be extended to 24 months to better accommodate CASPs with large Crypto-Asset User bases and to align with the CRS two-year remediation period, particularly in light of the risk of unintended account suspensions?

Response:

The 12-month period for Reporting Crypto-Asset Service Providers to obtain valid self-certifications under Section III(A)(1) of the CARF from pre-existing Crypto-Asset Users, reflects the design policy of the OECD CARF and balances the need for timely tax transparency with the practical realities of remediating legacy customer bases that were onboarded prior to the introduction of CARF-aligned due diligence requirements. The 12-month period provides a clear, enforceable outer limit for completion of tax-residency validation, while ensuring that reporting of crypto-asset transactions is not deferred during this period. Retention of this timeframe promotes international consistency, supports effective automatic exchange of information and avoids prolonged uncertainty that could undermine compliance incentives and enforcement credibility.

20. Qualifying the term "self-certification"

Is it necessary to qualify the term "self-certification" by expressly referring to it as "valid" or "valid and reasonable"?

Response:

For both the CRS and the CARF, references to a self-certification means a self-certification that is valid and reasonable in light of all information obtained or maintained, and it is not necessary to insert the words "valid" or "valid and reasonable" before the term. Those concepts are already embedded by operation of the rules, even where the adjective is not expressly used, which is evident from the context where used.

As for the embedded legal meaning, under the CRS and CARF, a self-certification is only effective if it is valid (i.e., completed, signed/affirmed, contains required fields), and reasonable (i.e., not contradicted by information obtained or maintained by the Reporting Financial Institution or CASP). This flows directly from the definition of self-certification, and the reasonableness test, which applies whenever a self-certification is relied upon. As a matter of law, an invalid or unreasonable self-certification is treated as no self-certification at all. Therefore, where CRS or CARF provisions refer simply to a self-certification, they already mean a valid and reasonable self-certification, thus there is no legal gap that needs to be filled by adding adjectives.

That said, where the CRS or CARF includes the qualifier "valid" in some instances this is permissible but actually legally redundant. Whether the adjectives "valid" or "reasonable" are added or not, this does not change the legal test, but merely states what is already implied. For example, the term "valid self-certification" does not suggest that unqualified references tolerate lower standards (which they do not).

Neither the CRS nor the CARF recognises a category of "unreasonable but still effective" self-certification – a defective self-certification is treated as non-existent for due diligence purposes.

21. Using documentary evidence to verify self-certification

Given that CRS permits reliance on both self-certifications and documentary evidence, should CARF be amended to allow the use of documentary evidence for consistency and to reduce compliance and reporting burdens?

Response:

For purposes of validating self-certifications under the CARF, RCASPs may have regard to documentary and other information obtained or maintained, including AML/KYC documentation, in order to assess whether a self-certification is reasonable and reliable. Such documentary evidence may be used to corroborate a self-certification or to identify inconsistencies that render it unreliable. However, documentary evidence may not be relied upon as a substitute for a self-certification, nor as an independent basis for determining a Crypto-Asset User's tax residence. Where a self-certification is missing, invalid, or not reasonable, the Crypto-Asset User must be treated in accordance with the CARF rules applicable to undocumented or unresolved cases.

22. Provision of electronic or hard copies of self-certifications

Should Section III(C)(3)(b) of the CARF be amended so that, where a self-certification is completed electronically, the obligation to provide an electronic or hard copy upon request rests with the CASP rather than the Crypto-Asset User or other person accessing the system, in alignment with the CRS?

Response:

Under the CARF, where a self-certification is completed electronically, the person named in the self-certification must be able to produce a hard copy upon request. This requirement is intended to ensure assurance, evidentiary integrity, and auditability, rather than to impose a paper-based collection obligation. It ensures that electronically obtained self-certifications are durable and capable of being reproduced in a stable, human-readable form reflecting the information attested to by the Crypto-Asset User, consistent with established OECD policy that self-certifications must be capable of being produced as documentary evidence for audit, dispute-resolution, and exchange-of-information purposes. The provision also mitigates risks associated with automated or "click-through" confirmations that may undermine the reliability of residence determinations. Although this approach differs from the CRS, where reporting financial institutions typically retain and produce self-certifications, the CARF reflects a deliberate OECD policy choice aimed at ensuring consistent global application, and departures from this design risk weakening the standard and undermining interoperability and effective enforcement by introducing gaps inconsistent with the CARF model rules.

Cf. CARF Commentary on Section III, paragraph 41, and SARS CARF FAQ 2 above.

23. Form of submission for self-certification and the role of representative

Should Section III(C)(3)(b) retain the CARF model-rule formulation allowing self-certifications to be provided "in any manner or form", rather than limiting them to written or electronic formats, and should it also (i) avoid restricting evidentiary verification requests to electronic means in the crypto-asset context, and (ii) expressly accommodate self-certifications provided through an authorised third-party representative (such as a guardian, investment adviser, or private banker)?

Response:

The proposal to retain the broader CARF formulation of "any manner or form" in Section III(C)(3)(b) of the CARF, rather than limiting self-certifications to a written or electronic form, is not supported. The narrowing of this concept is based on a jurisdictional policy option. In addition to the fact that no proper basis is given for this proposal, the CARF deliberately confines self-certifications to forms that are capable of being preserved, reproduced, and verified for audit and exchange-of-information purposes. Furthermore, limiting self-certifications to written or electronic formats promotes legal certainty, evidentiary reliability, and alignment with SARS's assurance objectives, while avoiding ambiguity as to what constitutes a valid self-certification. An open-ended formulation poses practical risks for SARS's systems and processes and may undermine effective and consistent implementation of the CARF.

The proposal to restrict evidentiary verification requests exclusively to electronic means is likewise not supported. Although electronic processes are appropriate as the primary mode of verification in the crypto-asset environment, the CARF is intentionally technology-neutral and preserves SARS's ability to require information in a form necessary for effective audit, enforcement, or dispute resolution. A blanket limitation to electronic requests would unduly constrain supervisory and enforcement powers and is inconsistent with the CARF design, which requires that electronic self-certifications be capable of being rendered in hard-copy form where necessary. *Cf.* CRS Commentary on Section IV, paragraph 9.

In relation to authorised third-party representatives, South African law generally permits representation unless expressly prohibited, and the CARF contains no such prohibition. It is therefore unnecessary to amend Section III(C)(3)(*b*) of the CARF to expressly provide for representation or to enumerate categories of representatives. However, where a self-certification is provided by a duly authorised representative, it remains attributable to the person named, and the CASP must be able to demonstrate proper authorisation for the use of a representative in accordance with its due diligence obligations, for example, by requiring an appropriate power of attorney or equivalent authority from the Crypto-Asset User or Controlling Person.

24. Clarification on whether an Entity crypto-asset user excludes an excluded person

Should the wording of Section III(C)(3)(*a*) be amended to include an express reference to the exclusion of an Excluded Person following the term Entity Crypto-Asset User, and to include references to the exclusions applicable to an Active Entity and an Excluded Person following the term Controlling Person, in order to ensure that these exclusions apply?

Response:

The proposed amendment to expressly reference the exclusion of an Excluded Person and an Active Entity in Section III(C)(3)(a) of the CARF is not supported, as these exclusions already apply implicitly under the structure of the CARF. The CARF operates as an integrated framework in which defined terms, once established, apply consistently across all operative provisions unless expressly displaced, and there is no indication that Section III(C)(3)(a) is intended to override or re-extend the reporting population to persons or entities that are excluded elsewhere. The absence of an explicit cross-reference therefore does not create a substantive risk of over-inclusion when the rules are read as a whole. Introducing provision-specific exclusions would be duplicative, may undermine internal coherence, and could imply – incorrectly – that exclusions apply only where expressly restated, contrary to the OECD's centralised definitional approach. Retaining the current wording preserves alignment with the CARF model rules, supports consistent interpretation across jurisdictions, and avoids unnecessary drafting complexity or divergence.

SECTION IV – DEFINED TERMS

25. Inclusion of certain amended CRS terms in the CARF

Should the CARF not be updated to include edits in the amended CRS, such as in respect of Custodial Institution; Passive Income and Managed By?

Response:

The CARF is designed as a standalone, transaction-based reporting framework with its own scope, definitions, and due diligence architecture, distinct from the account-based approach of the CRS. Common Reporting Standard concepts such as Custodial Institution, Passive Income, and Managed By serve specific classification and Entity-status determination functions within the CRS and are not required for the effective operation of the CARF. Incorporating such terminology into the CARF would risk conflating two distinct frameworks, introduce unnecessary complexity, and create interpretative uncertainty as to the applicable tests and obligations. The CARF therefore rely exclusively on CARF-specific concepts and definitions, except where the CARF expressly cross-references the CRS, in order to preserve legal clarity, proportionality, and consistency with the OECD model rules and to support uniform implementation and international interoperability.

26. Application of the wide approach to CARF

Should the wide approach apply to the definition of a Reportable User, given that extending reporting to Crypto-Asset Users resident in jurisdictions that are not signatories to the CARF MCAA is inconsistent with the MCAA and international best practice, and would result in reporting on Crypto-Asset Users whose jurisdictions have not consented to or domesticated the CARF framework?

Response:

What is the wide approach?

Applying a wide approach to the CRS or CARF is a permitted jurisdictional option. For purposes of both the CRS and CARF, two variations of the wider approach are possible, i.e., the "wider approach" and the "widest approach". RFIs or CASPs must obtain the information that must be reported as set out above in relation to CRS or CARF non-participating jurisdictions and either keep it until requested by the tax authority when the required international agreement is signed (approach one – the wider approach) or immediately provide it to the tax authority (approach two – the widest approach). The widest approach is effected by South Africa in the CRS Regulations and CARF Regulations, since it eases the compliance burden on RFIs more substantially and provides information to SARS that may be useful for domestic tax purposes.

In other words, in order to implement the CRS and CARF on a consistent and efficient basis, RFIs and CASPs are obliged to report the specified information on all Account Holders who are not SA or US tax resident and Controlling Persons of Passive Non-Financial Entities (NFEs) , for purposes of the CRS, and on all Crypto-Asset Users or Controlling Persons who are not SA tax resident, for purposes of the CARF, irrespective of whether South Africa has a multilateral or bilateral international tax agreement (as defined in section 1 of the Tax Administration Act, 2011 (TAA)) or Tax Information Exchange Agreement (TIEA) with their jurisdiction of residence or whether the jurisdiction is currently a CRS or CARF Participating Jurisdiction.

The application of the wide approach (whether the wider approach or the widest approach) to the CARF is supported as a permitted jurisdictional option by OECD guidance and mirrors the wide approach under the CRS. It is, amongst others, intended to reduce the risk of regulatory arbitrage and ensure comprehensive coverage of crypto transactions. It is also premised on the view that this approach will substantially ease the compliance burden on RFIs and CASPs, as they would otherwise have to effect system changes and collect historical information each time a jurisdiction is added as a CRS or CARF partner jurisdiction.

South Africa has consistently adopted the widest approach under the CRS, and extending the same approach to the CARF promotes continuity, legal certainty, and operational efficiency. From a SARS compliance perspective, the widest approach substantially reduces the burden on CASPs by avoiding the need for repeated system reconfigurations and retrospective data collection and reporting each time a new jurisdiction becomes a CARF MCAA signatory or South Africa concludes an additional international tax agreement or TIEA providing for automatic exchange of information (AEOI) under the CARF. It enables CASPs to build stable, future-proof reporting systems and ensures that relevant data is already available when exchange relationships come into effect, thereby supporting effective implementation and timely exchange without incremental compliance costs.

27. Data privacy issues arising from the application of the wide approach to CARF
Should the definition of Reportable Users be limited to Crypto-Asset Users resident in jurisdictions that are signatories to the CARF MCAA, in order to ensure lawful data processing under the GDPR and the POPIA, and should the CARF Regulations include a broad limitation of liability for RCASPs against data-privacy-based or vexatious claims arising from mandatory reporting without Crypto-Asset User consent?
Response: It is well established in South African law that SARS's statutory information-gathering powers constitute a lawful and recognised exception to data-protection regimes, including POPIA and, where relevant, the General Data Protection Regulations (GDPR). There is no recent case law or jurisprudence that limits or qualifies SARS's right of access to information, or the corresponding statutory obligations of reporting entities, including RFIs and CASPs, to provide information required under tax legislation. The disclosure of client information to SARS under provisions of the TAA (such as section 26) has not been successfully challenged on data-protection grounds. In addition, South Africa and all jurisdictions with which SARS exchanges information under the CRS and CARF have been subject to rigorous confidentiality and data-safeguarding peer reviews by the OECD Global Forum. Following multiple such reviews, SARS has been assessed as compliant with international standards on confidentiality and data protection in respect of the collection, processing, and exchange of information under both the CRS and CARF. While the Protection of Personal Information Act (POPIA) applies to the personal data that CASPs collect from Crypto-Asset Users, the processing and disclosure of such data to SARS pursuant to the CARF Regulations is lawful under POPIA's "legal obligation" basis. SARS is generally exempt from certain POPIA provisions when processing personal data for statutory purposes, whereas CASPs, as private entities, must ensure lawful processing, including transparency obligations. In practice, this may require CASPs to update privacy notices to inform customers that their data will be reported to SARS and may be exchanged with their jurisdiction of residence. Provided that a CASP lawfully obtains and discloses information in compliance with the CARF Regulations and POPIA, no cause of action should arise against it. Finally, to the extent that any legal action brought by a customer against a CASP is vexatious, adequate remedies exist under South African law, including the Vexatious Proceedings Act, 1956, and the High Court's power to grant punitive cost orders.

28. Meaning of Reportable User in context of a Reportable Retail Payment Transaction

Should Section IV(D)(2) be amended to clarify that, where a Reportable Retail Payment Transaction is effected on behalf of a merchant and the RCASP is required under domestic anti-money-laundering rules to verify the identity of the merchant's underlying customers, the RCASP must verify both the merchant and the customer and report the transaction both as a Transfer to the merchant and as a Reportable Retail Payment Transaction in respect of the customer, in order to align the wording with the OECD guidance?

Response:

Section IV(D)(2) of the CARF already establishes the principle that, where an RCASP effects a payment on behalf of a merchant, the reporting treatment depends on the RCASP's relationship with, and due diligence obligations in respect of, both the merchant and the underlying customer. In particular, where the RCASP's contractual relationship is solely with the merchant, but the RCASP is required under domestic AML rules to verify the identity of the merchant's customers, Section IV(D)(2) requires the RCASP to treat the customer as the Crypto-Asset User for reporting purposes.

In such circumstances, the transaction must be reported consistently with the CARF design, namely, both as a Transfer to the merchant and, where the relevant thresholds are met, as a Reportable Retail Payment Transaction in respect of the underlying customer. This approach aligns with the OECD policy intent to ensure that tax-relevant information is reported in respect of the person whose economic activity gives rise to the payment, while avoiding duplication or gaps in reporting, and also aligns with the substantive reporting outcome prescribed by Section IV(D)(2).

29. Definition of Branch and business models catering to remote workers

How should the definition of Branch under the CARF be applied to decentralised business models, and in particular, would a group of employees working remotely in South Africa without a physical office constitute a Branch for regulatory purposes?

Response:

Section IV(F)(6) of the CARF provides that an RCASP is regarded as having a Branch in South Africa where it has a fixed place of business through which the business of the CASP is wholly or partly carried on; and expressly excludes arrangements that are merely preparatory or auxiliary in nature. The provision therefore adopts a substance-based test, rather than a purely formal or headcount-based approach.

Accordingly, the presence of employees working remotely in South Africa, in the absence of a fixed or identifiable place of business through which the CASP carries on core business activities, would not automatically constitute a Branch for purposes of the CARF. The determination depends on whether the activities performed in South Africa, viewed objectively, amount to the carrying on of the CASP's business through a stable business presence, having regard to the nature, permanence, and significance of those activities.

This approach accommodates decentralised and remote business models while remaining consistent with the policy intent of Section IV(F)(6), which is to ensure that CASPs with a meaningful operational presence in South Africa are brought within scope, without

inadvertently capturing arrangements that lack the requisite degree of permanence or business substance.

30. Meaning of the term "status" in the context of a change of circumstances

What is meant by the term status in this context, particularly for RCASPs that are not Reporting Financial Institutions under the CRS, and should it be clarified that the term refers to tax residence, indicia, and reportability?

Response:

The term "status" in the CARF should be understood as referring to a Crypto-Asset User's tax-relevant classification for CARF purposes, including the Crypto-Asset User's tax residence(s) and whether the Crypto-Asset User is reportable or excluded under the framework. For RCASPs that are not RFIs under the amended CRS, the term does not import CRS-specific Entity-classification concepts, but instead reflects the outcome of the CARF due diligence procedures.

This interpretation is supported by Section IV(F)(8) of the CARF, which requires RCASPs to determine and rely on information establishing the tax-relevant status of a Crypto-Asset User for reporting purposes, based on self-certifications and other information obtained in accordance with Section III. The provision confirms that "status" is a functional determination linked to reportability and jurisdictional nexus, rather than a formal financial-institution classification. Further guidance is provided in the CARF Commentary on Section III, paragraph 44, which explains that the due diligence procedures are designed to enable RCASPs to determine whether a Crypto-Asset User is a Reportable User and to identify the relevant jurisdiction(s) for reporting, having regard to tax residence and applicable indicia. Similarly, the CARF Commentary on Section IV, paragraph 15 confirms that reporting obligations arise from the Crypto-Asset User's reportable status as determined under the CARF rules.

This approach is also consistent with the CRS Commentary on Section VI, paragraph 4*ter*, which clarifies that references to a person's "status" in the due diligence context relate to the outcome of the residence and reportability analysis, rather than to the application of institutional or Entity-classification terminology. The CARF adopts the same conceptual approach, adapted to a transaction-based reporting framework.

Accordingly, while the term "status" may be unfamiliar to RCASPs outside the amended CRS context, it denotes the CARF-specific determination of tax residence and reportability, and does not require the application of CRS terminology or Entity-classification tests. Clarification to this effect may be provided in guidance, but no amendment to the operative provisions is required.

31. Confirmation on whether the term Crypto-Asset is meant to include unlicensed crypto-assets

Given that the CARF definition of Crypto-Asset is broader than those contained in the FAIS Act and FICA, is it intended to (a) include crypto-assets that are not currently licensed or regulated in South Africa (for example, NFTs, which are excluded from FSCA licensing), and (b) promote alignment of definitions across the relevant regulators in order to prevent regulatory arbitrage?

Response:

Section IV(A)(1) of the CARF adopts a broad, function-based definition of Crypto-Assets, intended to capture any digital representation of value that relies on cryptographically secured distributed ledger technology and can be used for payment or investment purposes, unless expressly excluded. The purpose of this definition is to ensure comprehensive tax transparency and to prevent gaps arising from differences in domestic regulatory or licensing frameworks.

Accordingly, the CARF definition is not constrained by domestic licensing or regulatory classifications under the FAIS Act or FICA. The fact that certain crypto-assets (such as specific non-fungible tokens (NFTs)) may currently fall outside FSCA licensing requirements does not, in itself, exclude them from the CARF, provided they fall within the scope of Section IV(A)(1) and are not otherwise excluded under the framework. This reflects the CARF's tax-policy objective, which is distinct from prudential or market-conduct regulation.

With respect to regulatory alignment, the CARF does not require harmonisation of definitions across domestic regulatory regimes. However, the use of a deliberately broad and technology-neutral definition under Section IV(A)(1) mitigates the risk of regulatory arbitrage by ensuring that crypto-assets cannot fall outside the tax reporting framework solely due to differences in licensing or supervisory treatment. Any alignment across regulators would therefore be a domestic policy matter, rather than a requirement arising from the CARF itself.

Regarding NFTs under the CARF, NFTs are not automatically excluded from reporting and are assessed on a substance-over-form basis. NFTs fall within scope where they function as, or are capable of being used for, payment or investment purposes, including where they are marketed or traded as investment assets or exhibit meaningful secondary-market activity. Conversely, NFTs that represent genuine collectibles or utility tokens, and that cannot reasonably be used for payment or investment purposes, may fall outside scope based on the RCASP's reasonable knowledge at the time of reporting. The treatment of NFTs under the CARF is independent of domestic licensing or regulatory classifications under FAIS Act or FICA, as the CARF is a tax-transparency framework with distinct objectives. This approach ensures comprehensive coverage of investment-like crypto-assets, mitigates regulatory arbitrage, and avoids over-inclusion of low-risk NFTs.

32. Meaning of effectuating exchange transactions in context of investment entity

What is the meaning of the phrase "effectuating Exchange Transactions for or on behalf of customers" in the definition of Investment Entity, including (a) the meaning of "effectuating" and (b) the meaning of "customers", and is it intended that this interpretation align with the CRS & CARF Commentary or with the more restrictive approach reflected in the SARS FATCA Guide (including the requirement of full capacity to manage assets) for purposes of consistency and operational certainty?

Response:

Intermediaries and other service providers that actively facilitate exchanges between Relevant Crypto-Assets, or between Relevant Crypto-Assets and fiat currencies, play a central role in the crypto-asset market and are therefore treated as RCASPs under the CARF where they provide services effectuating Exchange Transactions for or on behalf of customers. A service effectuating Exchange Transactions includes any service through which a customer is able to acquire Relevant Crypto-Assets for Fiat Currency, exchange Fiat Currency for Relevant Crypto-Assets, or exchange one Relevant Crypto-Asset for another.

Section IV(E)(5) of the CARF adopts a functional, activity-based test to determine when an Entity is regarded as an Investment Entity, focusing on whether the Entity actively conducts, facilitates, or executes exchange transactions for customers. In this context, "effectuating" requires substantive involvement in enabling or carrying out transactions and does not extend to entities that merely provide passive infrastructure or ancillary technical services. The term "customer" bears its ordinary commercial meaning and refers to the person or Entity that enters into a business relationship with the service provider for the purpose of effecting such transactions, consistent with the CARF Commentary. By contrast, the activities of an investment fund investing in Relevant Crypto-Assets do not constitute the effectuation of Exchange Transactions, as investors in such funds are not themselves able to effectuate Exchange Transactions as defined in the CARF.

The CARF does not require a service provider to have full discretionary authority or comprehensive asset-management capacity in order to be regarded as effectuating Exchange Transactions. Section IV(E)(5) deliberately applies a broader standard than certain FATCA-based approaches, focusing instead on whether the provider plays a substantive role in carrying out transactions for another person. This interpretation is reinforced by the CARF Commentary on Section IV(B)(1), which confirms that the determination rests on active facilitation of exchanges rather than on formal labels, licensing status, or FATCA-specific concepts.

Finally, while FATCA guidance may be informative in limited contexts, the CRS and CARF operate as distinct OECD standards and do not import FATCA-specific thresholds unless expressly provided. Accordingly, FATCA concepts such as "managed by" or requirements for full asset-management capacity are not determinative for CARF purposes. The operative interpretation remains anchored in Section IV(E)(5) and the accompanying CARF Commentary, ensuring consistency with the OECD model rules and international interoperability.

SECTION V – EFFECTIVE IMPLEMENTATION

33. Understanding penalties for non-compliance under TAA

What are a CASP's obligations under Section V(A)(2) of the CARF where a crypto-asset user fails to provide the information required for reporting under Section I, including whether such non-compliance must be reported to SARS, whether SARS will communicate any penalties directly to the non-compliant person, who is covered by the term "any person" in section 26(4) of the TAA, and whether a proportionate, remediation-focused approach to sanctions will apply, particularly during the initial implementation period?

Response:

CASP obligations where a person does not provide required information

Under section 26 of the TAA, SARS may, by public notice, require specified persons (including CASPs, where listed) to submit third-party returns with prescribed data and by set dates. The obligation rests on the person named in the notice. If a Crypto-Asset User fails to furnish information to a CASP, the CASP must still comply with the applicable public notice to the extent possible and remain able to substantiate efforts and records; SARS may also call for the information directly under the Act's information-gathering powers. Whether the CASP must "report" the Crypto-Asset User's non-cooperation separately depends on the wording of the relevant section 26 public notice and any SARS guidance or BRS for that reporting stream.

Will SARS communicate penalties directly to non-compliant persons?

Administrative non-compliance penalties are imposed under section 210 of the TAA on "a person" who fails to meet an obligation listed in a Commissioner's public notice. SARS must issue and administer such penalties in accordance with the procedures in Chapter 15 (including section 214), i.e., penalties are notified to the person on whom they are imposed (which could be the CASP if the CASP's obligation is breached, or the Crypto-Asset User if a user-specific obligation is in play).

Meaning of "any person" in section 26 of TAA

In section 26, "any person" is broad and refers to any natural or legal person or legal arrangement (such as a trust) whom the Commissioner names (by class or description) in a public notice to submit third-party returns. The scope is thus set by the notice.

Proportionality and remediation

The TAA already embeds proportionality via the administrative-penalty regime and remission processes: section 210 requires a listed incidence of non-compliance before a fixed-amount penalty applies; procedures and taxpayer remedies (request for remission, objection, appeal) are provided in sections 214-220 and SARS practice. SARS guidance also explains recurring penalty limits and remission pathways (e.g., request for remission) supporting a remediation-first approach where appropriate.

34. Enforcement mechanisms for no/incorrect self-certification
Should the risk management framework contemplated in the CARF Regulations (Section V(B)(1)) and the CRS Regulations (Section X(B)), be consistently applied across both?
Response: As is evident from both the CARF Regulations and CRS Regulations, the Effective Enforcement mechanisms for both standards have been aligned, barring minor differences in the terminology used.