**The Global Forum’s CARF Commitment Process:**

**Model commitment language and Frequently Asked Questions (FAQs)**

This note was prepared by the Global Forum Secretariat, which offers support on all these topics. Please contact gftaxcooperation@oecd.org with any questions.

**Model commitment language that may be used to reply to the Global Forum Chair’s letter**

I confirm that [jurisdiction] commits to implement the CARF under the terms of the Global Forum’s CARF commitment process, as set out in the letter from the Chair of the Global Forum dated 28 August 2024.

**AND**

[In this regard, [jurisdiction] is committing to commence exchanges under the CARF in accordance with the generally expected timeline of 2027.]

**OR**

[In this regard, [jurisdiction] faces particular challenges with commencing exchanges under the CARF in 2027 and therefore commits to commence exchanges under the CARF in 2028.]

**Frequently Asked Questions (FAQs)**

***What is the Crypto-Asset Reporting Framework (CARF)?***

* The CARF is a 2023 OECD/G20 standard which extends the automatic exchange of information for tax purposes (AEOI) to the crypto-asset sector. It seeks to address the tax risks posed by the growth in the use of crypto-assets.
* The CARF builds as closely as possible on the 2014 Common Reporting Standard (CRS), which provides for AEOI in relation to financial accounts and in which well over 100 jurisdictions are already participating.
* The G20 requested for the Global Forum to “build on its commitment and monitoring processes to ensure the widespread implementation of the [CARF] by relevant jurisdictions.”

**What is the Global Forum’s CARF Commitment Process?**

* The Global Forum’s CARF Commitment Process is a multilateral mechanism (along with the subsequent monitoring of delivery) to ensure the CARF is implemented based on a level playing field for governments and business. This will ensure the coverage of the CARF and therefore its effectiveness. It builds closely on the Global Forum’s 2013 CRS commitment process.
* The Global Forum’s CARF Commitment Process involves political commitments to implement the CARF on a multilaterally agreed basis and in accordance with mutually agreed timelines.
* The Global Forum’s CARF Commitment Process will culminate at the Global Forum’s 2024 Plenary meeting from 26-28 November, at which point the outcomes will be announced.

**What is being committed to under the Global Forum’s CARF Commitment Process?**

* The Global Forum’s CARF commitment process, as develop by the Global Forum’s CARF Group, entails a political commitment to implement the CARF in time to commence exchanges under the CARF from 2027, or 2028 (if the jurisdiction faces particular challenges with meeting the 2027 timeline).
* If a jurisdiction commits to commence exchanges in 2027 and later experiences particular challenges, it would be possible to move its commitment to 2028.
* As with the Global Forum’s CRS Commitment Process, committing to the CARF is also expected to include a commitment to exchange information with all interested appropriate partners (jurisdictions that have implemented the CARF, which meet the expected standards in relation to confidentiality and data safeguards and that are interested in receiving CARF information from your jurisdiction).

**How does the Global Forum’s CARF Commitment Process relate to its CARF Jurisdictions of Relevance process?**

* The Global Forum’s CARF Jurisdictions of Relevance process is designed to identify jurisdictions that host a relevant crypto-asset sector and which should therefore be asked to commit to the CARF in order to ensure proper coverage of the CARF and a level playing field.
* Whether or not a jurisdiction is identified as a Jurisdiction of Relevance to the CARF, it may still participate in the Global Forum’s CARF commitment process (e.g. because it wishes to implement the CARF so it can receive information on the crypto-asset investments of its taxpayers using foreign crypto-asset service providers).

**My jurisdiction already announced it will implement the CARF (e.g. through the joint statement on the CARF), does it need to commit through the Global Forum’s CARF Commitment Process?**

* 59 jurisdictions have already announced their “intent” to implement the CARF in time to commence exchanges from 2027 by adhering to the voluntary joint statement. Some jurisdictions have also made equivalent statements domestically.
* The Global Forum’s CARF Commitment Process formalizes the voluntary commitment process (and domestic announcements) by providing clear and multilaterally agreed positions on the substance and timing of the implementation of the CARF, which can then be monitored consistently. This is to ensure the delivery of the level playing field.
* All jurisdictions identified as Jurisdictions of Relevance to the CARF, and any others that wish to benefit from the CARF according to the multilaterally agreed criteria, are therefore expected to commit to implement the CARF under the Global Forum’s CARF Commitment Process, regardless of the previous commitments made.

**How does the Global Forum’s CARF Commitment Process relate to the signing of the CARF Multilateral Competent Authority Agreement (CARF MCAA)?**

* Once a commitment is made to implement the CARF, a key step to implement the commitment is signing the CARF MCAA, which is the international administrative agreement to operationalise the exchanges (although note that a bilateral approach is also possible).
* After the signature of the CARF MCAA (and similarly to the CRS MCAA), the CARF MCAA is activated only after several subsequent notifications are made. Furthermore, as with the CRS MCAA, the bilateral exchanges under the CARF MCAA are only activated once both sides to the exchange relationship activate the exchanges with each other.
* There is a CARF MCAA signing ceremony due to take place at the 2024 Global Forum Plenary meeting. Participation can be at the event (by a duly authorised person) or be depositing the previously signed documents at the meeting (or even remotely).
* It will also be possible to sign the CARF MCAA after the 2024 Global Forum Plenary meeting.

**What does implementing the CARF involve?**

* Implementing the CARF involves several building blocks, closely aligned to the CRS.
* A domestic legislative framework is needed to require the reporting intermediaries to collect and report the information for exchange, and an international legal framework is needed to provide for the international exchange of the information (see the CARF MCAA above).
* IT and administrative frameworks are needed to format the information reported and exchange it (i.e. the CARF XML Schema and a transmission system, which, as with all tax information exchanges, can be the Common Transmission System).
* Confidentiality and data safeguarding requirements must be met, in relation to which the Global Forum has well established assessment and support programmes.