

Tax Information Authority



CAYMAN ISLANDS

Crypto-Asset Reporting Framework for Automatic Exchange of Information in Tax Matters

Quick Guide

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Version 1.0

Crypto-Asset Reporting Framework (“CARF”)

Overview

The first comprehensive review of the Common Reporting Standard (CRS) resulted in the Organisation for Economic Co-operation and Development (OECD) issuing a new international tax transparency standard, CARF, and amendments to the CRS to build on the existing tax transparency frameworks and prevent the use of virtual assets for tax avoidance and evasion.

CARF was implemented in the Cayman Islands under domestic legislation. The [Tax Information Authority \(International Tax Compliance\) \(Crypto-Asset Reporting Framework\) Regulations, 2025](#) (the “CARF Regulations”) will come into effect on 1 January 2026. First requirement to report will be in 2027 for the 2026 calendar year and first exchanges with partner jurisdictions in 2027.

The CARF provides for the automatic exchange of information on transactions in Crypto-Assets. It requires the collection, reporting and exchange of information on the customers of Crypto-Asset service providers. It is intended to support the CRS on automatic exchange of financial account information.

Summary of the CARF Regulations



Who is in scope for CARF

The CARF will apply to Cayman Reporting Crypto-Asset Service Providers (RCASPs) i.e. those entities or individuals that, as a business, provide services effectuating Exchange Transactions in Relevant Crypto-Asset for or on behalf of customers, including by acting as a counterparty, or as an intermediary, to such Exchange Transactions, or by making available a trading platform. This includes Crypto-Asset exchanges and other intermediaries and providers of exchange services, such as brokers and dealers in Relevant Crypto-Assets and operators of Relevant Crypto-Asset ATMs.

As defined in the CARF Regulations, a Cayman RCASP means —

- (a) an RCASP resident in the Islands other than any of its branches outside the Islands; or
- (b) a branch in the Islands of an RCASP not resident in the Islands.

What due diligence is required

The CARF Regulations contain the due diligence procedures to be followed by RCASPs in identifying their Crypto-Asset Users, determining the relevant tax jurisdictions for reporting purposes and collecting relevant information needed to comply with the reporting obligations under the CARF. The due diligence procedures build on the self-certification-based process of the CRS, as well as existing AML/KYC obligations.

What must be reported

RCASPs will be required to report identification information on their Crypto-Asset Users and their beneficial owners as well as transaction information i.e. details of Exchange Transactions.

“Crypto-Asset” is any digital representation of value which relies on a cryptographically secured distribution ledger¹ or a similar technology to validate and secure transactions. This includes payment tokens (e.g. Bitcoin, Stable coin), security tokens (e.g. equity investment or derivatives issued in the form of a Crypto-Asset), utility tokens and non-fungible tokens (NFTs).

“Relevant Crypto-Asset” means any Crypto-Asset that is not a Central Bank Digital Currency (CBDC), a Specified Electronic Money Product (SEMP) or any Crypto-Asset for which the RCASP has adequately determined that it cannot be used for payment or investment purposes.

The following types of transactions are Relevant Transactions that are reportable under the CARF:

- exchanges between Relevant Crypto-Assets and Fiat currencies;
- exchanges between one or more forms of Relevant Crypto-Assets; and
- transfers of Relevant Crypto-Assets, including Reportable Retail Payment Transactions.

Transactions will need to be reported on an aggregate basis by the type of Relevant Crypto-Asset and distinguishing between acquisitions and dispositions. Exchange Transactions are categorised into the types noted above and Transfers are categorised by transfer type (e.g. airdrops, income derived from staking (or forging), or a loan).

Details of the name of the Relevant Crypto-Asset, amount paid or received, number of units, and the number of transactions must be aggregated and reported.

Finally, details of the number of units and the total value of Transfers of Crypto-Assets effected by an RCASP on behalf of a Crypto-Asset User to wallets not associated with a virtual asset service provider or a financial institution will be required.

Refer to (i) [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, Paris](#) (ii) [OECD \(2025\), Crypto-Asset Reporting Framework XML Schema \(July 2025\): User Guide for Tax Administrations, OECD Publishing, Paris](#), (iii) [OECD \(2024\), Delivering tax transparency to Crypto-Assets: A step-by-step guide to understanding and implementing the Crypto-Asset Reporting Framework, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD, Paris](#) and (iv) [CARF FAQs](#) for further guidance. The OECD CARF Commentary, is an integral part of the CARF and applies for the purposes of the automatic exchange of financial account information under a relevant scheduled Agreement.

¹ E.g. blockchain

Where to report

The collected information must be reported to the Department for International Tax Cooperation (DITC) on an annual basis. The Cayman Islands Tax Information Authority (TIA or the “Authority”) carries out its functions through the offices of the DITC.

To avoid duplicate reporting, RCASPs must familiarise themselves with the jurisdictional nexus rules on reporting with respect to itself and its branches.

When to report

Table A details the implementation timeline for CARF including deadlines for when to report required information.

Table A: Implementation timeline for CARF in the Cayman Islands

Date	CARF Milestone	CARF Obligations for Cayman RCASPs
1 Jan 2026	CARF comes into force	RCASPs apply due diligence procedures to identify Crypto-Asset Users, Reportable Users, Reportable Persons & Relevant Transactions of Crypto-Asset Users.
30 April 2026*	Registration deadline (For Pre-Existing RCASPs)	Pre-existing RCASPs to register required information (including Cayman-based PPOC) with the DITC. Further details will be provided on the registration process in due course until the registration functionality becomes available on the DITC Portal.
31 January of the following year*	Registration deadline (For New RCASPs)	New RCASPs to register required information with the DITC.
Upon establishing relationship	Collect valid self-certification for New Individual and Entity Crypto-Asset Users	Required information on Individual, Entity, Controlling Persons plus whether valid self-certification provided. Confirm reasonableness of self-certification e.g. pursuant to AML/KYC procedures.
Within 12 months of 1 Jan 2026 (i.e. 31 Dec 2026)	Collect valid self-certifications for Pre-existing Individual and Entity Crypto-Asset Users	Same as above.
30 June 2027	First reporting under CARF (for 2026 calendar year)	Submit returns, nil returns, Partner Jurisdiction returns and declaration and any other information requested by the Authority. Consider reporting nexus rules.
*Within 30 calendar days	File change notice	Notifying the DITC of any change in circumstances.

Penalties and enforcement

The CARF Regulations contain provisions for enforcement measures under Part 4. Note that, in relation to failure to submit returns, declarations and information necessary to ensure the effective implementation and compliance with the CARF, the Authority has such powers that it may impose a penalty without first issuing a breach notice or considering representations.

Alignment of the CARF and Amended CRS

As the CARF is a separate and complementary framework, there will be some Entities reporting under both the CARF and the CRS. The alignment of the CARF with the CRS is reflected below. There are also notable differences.

CARF vs Amended CRS	
Similarities	<p>Annual reporting and exchange</p> <ul style="list-style-type: none"> Like the CRS, the CARF applies annualised reporting and exchange of information. <p>Consistent due diligence</p> <ul style="list-style-type: none"> To the extent possible and appropriate, the due diligence procedures are consistent with the CRS due diligence rules, to minimise burdens on RCASPs, in particular when they are also subject to CRS obligations as Reporting FIs. The CARF allows RCASPs that are also subject to the CRS to rely on the due diligence procedures for New Accounts performed for CRS purposes. <p>Similar IT systems</p> <ul style="list-style-type: none"> Like the CRS, the CARF requires certain IT systems to be put in place by RCASPs to ensure that they can report the required information. Existing systems used for CRS reporting can likely be expanded to support CARF reporting. <p>Reporting schema</p> <ul style="list-style-type: none"> Similarly to the CRS which utilises the dedicated CRS XML Schema and User Guide for CRS reporting the CARF utilises a dedicated CARF XML Schema and User Guide for CARF reporting.
Differences	<p>Scope of assets</p> <ul style="list-style-type: none"> CRS covers traditional money, securities, and other financial products (i.e. Financial Accounts) while CARF covers Crypto-Assets. However, indirect investments in Relevant Crypto-Assets through traditional financial products, such as derivatives or interests in investment vehicles, are covered by the CRS. The definition of Relevant Crypto-Assets excludes SEMP's and CBDCs from the scope of the CARF, as reporting on these assets is ensured under the CRS. As there are certain assets that qualify both as Relevant Crypto-Assets under the CARF and as Financial Assets under the CRS (e.g. shares issued in crypto form), the CRS contains an optional provision to not report gross proceeds under CRS if such information is reported under the CARF. <p>Scope of reporting service providers</p> <ul style="list-style-type: none"> Under CARF reporting service providers are RCASPs which include individuals as well as Entities. Under CRS reporting service providers are Financial Institutions which are Entities only. <p>Information reported</p> <ul style="list-style-type: none"> CRS requires the reporting of account balances and information on payments and proceeds from sales of Financial Assets. CARF requires transaction-based reporting 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.