

Cross Border reporting framework of OECD for crypto assets

October 13, 2022

In news— The Organisation for Economic Cooperation and Development (OECD) has released a new global tax transparency framework, Crypto-Asset Reporting Framework (CARF).

Key highlights of the framework-

- The **core of the framework is automatic exchange of information between countries and mandatory customer identification** as part of the due diligence process.
- This is in **response to an earlier proposal of G20** that the OECD develop a framework for the automatic exchange of information between countries on crypto-assets.
- The CARF was presented to G20 Finance Ministers and Central Bank Governors for discussion at their meeting on October 12-13 in Washington D.C.
- The CARF defines the relevant crypto assets in scope, transactions, and the intermediaries and other service providers that will be subject to reporting.
- The **CARF targets any digital representation of value that relies on a cryptographically secure distributed ledger** or a similar technology to validate and secure transactions.
- Carve-outs are foreseen for assets that cannot be used for payment or investment purposes and for assets already fully covered by the common reporting standard.
- **Entities or individuals that provide services effectuating exchange transactions in crypto-assets for, or on behalf of customers would be obliged to report under the CARF.**
- **India has backed a global framework** to ensure more effective monitoring of transactions in virtual assets.

Organisation for Economic Cooperation and Development(OECD)-

- It is an **intergovernmental economic organisation** with 38 member countries, founded in 1961.
- It aims to stimulate economic progress and world trade.
- Generally, OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries.
- **It is an official United Nations observer.**
- In 1948, the OECD originated as the Organisation for European Economic Co-operation (OEEC), led by Robert Marjolin of France, to help administer the Marshall Plan (which was rejected by the Soviet Union and its satellite states).
- In 1961, the OEEC was reformed into the OECD and membership was extended to non-European states.
- **Its headquarters is in Paris, France.**
- The OECD is **funded by contributions from member countries** at varying rates.