Consultation on the proposed introduction of the Crypto-Asset Reporting Framework, amendments to the Common Reporting Standard and the administration of Automatic Exchange of Tax Information in Jersey

Closing date for comments: 13 February 2025

Subject of this consultation:	This consultation discusses three broad themes: firstly, the introduction of legislation to implement the Organisation for Economic Co-operation and Development's (OECD) new Crypto-Asset Reporting Framework (CARF) in Jersey. Secondly, the consultation discusses proposed amendments to the Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations, necessary to implement amendments made by the OECD to the Common Reporting Standard (CRS) on Automatic Exchange of Financial Account Information in Tax Matters. Finally, the consultation seeks views on proposals intended to improve the effectiveness and efficiency of the administration of automatic exchange of tax information (AEOI) in Jersey as a whole – encompassing the operation of the CRS, the Foreign Account Tax Compliance Act (FATCA) Intergovernmental Agreement and the new CARF. Collectively, the CRS, FATCA and CARF are referred to as AEOI and the Regulations implementing each standard as the AEOI Regulations.
Scope of this consultation:	Views are invited on the proposed introduction of new Regulations to implement the CARF as well as amendments to the existing AEOI Regulations. We also welcome comments on related matters that are not explicitly covered in this document, but note that we are not in a position to vary the terms of the CRS, the CARF or the FATCA rules themselves and/or the format of reports mandated by the OECD or the United States of America.
Who should read this:	We would like to hear comments from anyone who is affected by these proposed changes, including individuals, businesses, tax agents and accountants, and representative bodies.
Duration:	The consultation will run for 12 weeks from 21 November 2024 to 13 February 2025
Lead official:	Niamh Moylan
How to respond:	tax.policy@gov.je Tax Policy Unit Government of Jersey PO Box 56

Jersey
JE4 8PF

You should provide the name and contact details of the firm/company/individual who is responding and indicate whether (a) you are answering this consultation document on your own behalf, or on behalf of another body; and (b) you would be affected directly by any of the proposed changes.

Note that it is our intention to be able to publish a summary of responses. Please indicate if you do not wish your comments to be included.

After consultation: A summary of responses will be presented to ministers to inform the next steps. It is anticipated that draft legislation will be issued for public consultation in the spring of 2025, after which, it will be presented to the States Assembly in the autumn of 2025, prior to the entry into effect of the CARF and the amendments to the CRS from 1 January 2026.

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1 Executive summary

1.1 This consultation paper outlines proposals to:

- Introduce new Regulations to implement the Organisation for Economic Co-operation and Development's (OECD's) new Crypto-Asset Reporting Framework (CARF);
- Make changes to the existing Jersey CRS Regulations to implement amendments made by the OECD to the Common Reporting Standard on Automatic Exchange of Financial Account Information (CRS v.2); and
- Amend the existing Regulations underpinning the operation of Automatic Exchange of Information (AEOI) in Jersey, in order to improve their efficiency and effectiveness.

1.2 This paper provides some background on the new CARF framework and the amendments to the CRS. It sets out proposals regarding the way in which these minimum standards may be implemented in Jersey law, in order to ensure the island complies with its international commitments. The consultation paper seeks views on whether optional elements of the amendments to the CRS should be included in Jersey's legislation, and requests feedback on whether additional guidance would be helpful regarding the implementation of the CARF and the amendments to the CRS in Jersey.

1.3 In addition, the introduction of the CARF will mean that three separate sets of AEOI Regulations will exist in Jersey. It therefore presents an opportunity to consider the administrative provisions of the AEOI Regulations as a whole in order to ensure their effectiveness and efficiency. This paper therefore reflects proposals developed following consultation with internal and external stakeholders over the first half of 2024. These proposals include:

- Amendments to the AEOI Regulations to require that Financial Institutions and Crypto-Asset Service Providers (CASPs) identify themselves to Revenue Jersey through the introduction of:
  - Formal mandatory registration requirements for Financial Institutions and CASPs;
  - Mandatory nil reporting requirements; and

    - An annual deadline for Financial Institutions and CASPs to notify Revenue Jersey of changes in their circumstances.
- Improvements to the efficiency and effectiveness of the AEOI penalty regime in Jersey, including proposals to:
    - Introduce a new stand-alone late filing penalty;
    - Revise the general failure to comply penalty provision, to introduce greater discretion when calculating penalties, together with published guidance on mitigating factors to be taken into consideration; and
    - Remove the 12-month limitation to apply penalties currently provided for in the AEOI Regulations so as to improve timely compliance with the AEOI Regulations.
    - Create an explicit obligation on Reporting Financial Institutions and RCASPs to correct errors identified on submitted AEOI reports.
- Changes to the way in which participating jurisdictions under the CRS and partner jurisdictions under CARF are listed.

Finally, feedback is requested regarding the operation of the existing anti-avoidance rule. Respondents may also provide any feedback on any other aspects of the legislation underpinning the AEOI regime in Jersey if they wish to do so.

2 Background

2.1 The existing Jersey AEOI Regulations are the Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations 2015 (the CRS Regulations) and the Taxation (Implementation) (International Tax Compliance) (United States of America) (Jersey) Regulations 2014 (the FATCA Regulations). Collectively, the CRS, FATCA and CARF are referred to as Automatic Exchange of Information (AEOI) and the Regulations implementing or which will implement the CRS, FATCA and CARF are referred to as the Automatic Exchange of Information Regulations (AEOI Regulations).

2.2 Jersey committed to collect and exchange tax information on financial accounts held in Jersey by residents and nationals of the United States of America under the FATCA rules in December 2013. The OECD later introduced a similar regime, the CRS, which requires jurisdictions to ensure that they have the necessary laws in

force to collect and exchange tax information on financial accounts held by residents of jurisdictions participating in the CRS.

2.3 The CRS is considered to be a global minimum standard and was designed to promote tax transparency with respect to financial accounts held abroad. In the ten years since the CRS was adopted in 2014, financial markets have continued to evolve, giving rise to new technologies, investment and payment practices.

2.4 As a result, the OECD undertook a comprehensive review of the CRS starting in 2019, in consultation with participating jurisdictions, financial institutions and other stakeholders. This has resulted in two outcomes, which have been formally adopted as global minimum standards in tax transparency:

2.4.1 A new tax transparency framework which provides for the automatic exchange of tax information on transactions in Crypto-Assets with the jurisdictions of residence of taxpayers (the CARF); and

2.4.2 A set of amendments to the CRS (CRS v.2).

2.5 In November 2023, Jersey was one of 48 jurisdictions to commit to implementing the CARF and the amendments to the CRS, with effect from 1 January 2026. A further 10 jurisdictions have since joined this commitment.

2.6 ***The development of the Crypto-Asset Reporting Framework and amendments to the Common Reporting Standard (CRS v.2)***

2.6.1 During 2023, the OECD and the G20 approved the creation of a new global minimum standard on the automatic exchange of tax information by Crypto-Asset Service Providers on their customers, the CARF. This was developed as a package alongside revisions to the CRS, which will bring certain Crypto-Assets within the scope of the CRS for the first time, as well as making changes to the types of information reported, with the intention of improving the usefulness of information exchanges under the standard.

2.6.2 The associated recommendation of the OECD Ministerial Council states that both sets of rules are binding AEOI standards that must be implemented globally. While the amendments to the CRS build on the

existing CRS framework to clarify interpretation issues and take practical experience into account, the CARF is a wholly new reporting framework aimed at creating a new transparency regime over Crypto-Assets.

2.6.3 In November 2023, Jersey was one of 48 jurisdictions which committed to working towards a common global implementation date of 1 January 2026 for both the CARF and the revised CRS, with the first reporting and exchanges to be made in 2027.

2.6.4 The growth of the Crypto-Asset market is seen by global policy makers as creating significant challenges to tax transparency frameworks like the CRS, that are integral to tackling tax evasion, tax avoidance and non-compliance. Concerns were raised that Crypto-Assets can be transferred and held without interacting with traditional financial intermediaries and without any central administrator having full visibility. In addition, Crypto-Assets, as an asset class, may not fall within the scope of existing AEOI frameworks. In response, the G20 gave the OECD a mandate to develop the CARF, a dedicated global tax transparency framework, which provides for the automatic exchange of tax information on transactions in Crypto-Assets in a standardised manner with the jurisdictions of residence of taxpayers on an annual basis.

2.6.5 Alongside the CARF, the first comprehensive review of the CRS by the OECD has resulted in amendments to bring new financial assets, products and intermediaries within its scope, because they are potential alternatives to traditional financial products, while avoiding duplicative reporting with that foreseen in the CARF. Additional amendments have also been made to enhance the reporting outcomes under the CRS, including through the introduction of more detailed reporting requirements, the strengthening of the due diligence procedures, the introduction of a new, optional category of Non-Reporting Financial Institutions for Investment Entities that are genuine non-profit organisations and the creation of a new Excluded Account category for Capital Contribution Accounts. In addition, further language has been added to the Commentary of the CRS in a number of areas to increase consistency in the application of the CRS and to incorporate previously released interpretative guidance.

2.6.6 The CRS and CARF are global minimum standards in tax transparency and exchange of information. Jersey has a long-standing approach to compliance with these standards.

2.7 *The administration of AEOI in Jersey*

2.7.1 The introduction of a new AEOI reporting requirement under the CARF presents an opportunity to review how well the current administrative framework underpinning AEOI in Jersey is operating. This consultation therefore discusses proposals to amend aspects of the current AEOI Regulations to give greater certainty to Financial Institutions and Crypto-Asset Service Providers and/or to improve the effectiveness of enforcement of the AEOI regime as a whole.

3 Purpose of this consultation

3.1 The rules and commentaries for both the CARF and amendments to the CRS have been agreed at an international level to ensure consistency across jurisdictions. However, the package contains certain optional elements, and the practical implementation is not prescribed in detail.

3.2 This consultation outlines Jersey's approach to implementing the CARF domestically as well as revisions to the CRS Regulations to give effect to the amendments to the CRS Rules and related Commentary. This consultation only aims to seek views on proposals on optional and/or discretionary elements, and not on the CARF or CRS rules or Commentaries themselves. This consultation document should be read in conjunction with the OECD Crypto-Asset Reporting Framework and Amendments to the Common Reporting Standard.

3.3 Additionally, the consultation seeks views on proposals relating to improvements to the administration of AEOI in Jersey as a whole.

3.4 This consultation document is being issued to seek feedback from key stakeholders including Financial Institutions, CASPs, industry associations,

practitioners and any other related parties. The document is set out in three main sections:

- **The Crypto-Asset Reporting Framework (CARF)** – Jersey's implementation of the CARF. The CARF creates a new framework for the automatic exchange of tax-relevant information on transactions in Crypto-Assets.

- **CRS v.2** – Jersey's implementation of the OECD's amendments to the CRS and the approach to the newly introduced optional or discretionary elements.

- **Administration of AEOI in Jersey** – Proposed amendments to Jersey law which would apply in similar ways to the CRS, CARF and FATCA rules.

3.5 As far as possible, attempts have been made to ensure that where the AEOI Regulations are harmonised across the CRS, FATCA and CARF, the applicable terminology in each of the Regulations have been utilised. For the sake of certainty and consistency and to remove any element of doubt, any and all mentions made to 'Financial Institutions' in the consultation paper have an equal and mirroring application to 'Crypto-Asset Service Providers'.

4 The Crypto-Asset Reporting Framework

4.1 *CARF – an introduction*

4.1.1 The growth of the Crypto-Asset market is seen by global policy makers as a new and significant challenge to tax transparency frameworks like the CRS, that are integral to tackling tax evasion, tax avoidance and non-compliance. Crypto-Assets may be transferred and held without interacting with traditional financial intermediaries and without any central administrator having full visibility. In addition, crypto currencies, as an asset class, do not generally fall within the scope of existing AEOI frameworks.

4.1.2 In light of the specific features of the Crypto-Asset markets, the OECD, working with the G20 countries, has developed the CARF, a dedicated global tax transparency framework which provides for the automatic exchange of tax information on transactions in Crypto-Assets in a standardised manner with the jurisdictions of residence of taxpayers on an annual basis.

4.1.3 The CARF is a global framework, and the same rules will be implemented across all partner jurisdictions, meaning there will be one reporting regime to follow. The primary purpose of the CARF is to provide revenue authorities globally with access to standardised information.

4.1.4 The CARF consists of rules and commentary that can be transposed into domestic law to collect information from Reporting Crypto-Asset Service Providers (RCASPs) effectuating exchange transactions by way of business, in relevant Crypto-Assets or by making available a trading platform, with a nexus in a partner jurisdiction. The CARF rules and commentary have been designed around four key building blocks:

- The scope of Crypto-Assets covered;
- The entities and individuals subject to data collection and reporting requirements as RCASPs;
- The transactions subject to reporting as well as the information to be reported in respect of such transactions; and

- The due diligence procedures to identify Crypto-Asset Users and controlling persons and to determine the relevant tax jurisdictions for reporting and exchange purposes.

4.1.5 Although certain aspects of the CARF differ from the CRS, the overarching framework of the CARF is very similar to the CRS, including, in particular, the need to implement new due diligence procedures and to report information on an annual basis. Some of the key similarities and differences between the CARF and the CRS are set out in **Annex 1**.

4.2 *CARF – in a nutshell*

4.2.1 Broadly speaking, under the CARF, RCASPs must collect details of Crypto-Asset Users and transactions in relevant Crypto-Assets, conduct the required due diligence procedures and report the relevant data to revenue authorities. Revenue authorities are required to exchange this data with the partner jurisdiction(s) in which the taxpayer is resident and to enforce compliance with the framework. The information provided by RCASPs is available for use by revenue authorities to identify tax non-compliance. It is important to highlight that appropriate safeguards will be put in place to ensure the protection of data security.[1]

4.2.2 Under the CARF, RCASPs, which includes any individual or entity (including a trust), which effectuate exchange transactions in Crypto-Assets, by way of business, or which make available a trading platform, must conduct due diligence in line with AML requirements to identify the owners and beneficial owners of exchanges made. They must further obtain a self-certification from the owners and beneficial owners of the exchanges, disclosing their jurisdiction(s) of residence and taxpayer identification numbers (TINs). RCASPs must undertake annual reporting of aggregate exchanges effectuated split by Crypto-Asset type on:

- Crypto-to-Crypto exchanges;

[1] Section 5 of the CARF Multilateral Competent Authority Agreement details the confidentiality rules and safeguards that apply in respect of exchanges.

- Crypto-to-Fiat Currency exchanges; and
- Transfers, including to un-hosted wallets and Reportable Retail Payment Transactions of Relevant Crypto-Assets.

4.2.3 Central Bank Digital Currencies, Specified Electronic Money Products and Crypto-Assets that cannot be used for payment or investment purposes are specifically excluded from being reported under the CARF. It is, however, important to highlight that Central Bank Digital Currencies and/or Specified Electronic Money Products may still be reportable under the CRS (see Par. 5.2.1 below).

4.2.4 Staking transactions are considered to represent a form of exchange of one Crypto-Asset to another and are therefore reportable under the CARF.

4.3 *The scope of Crypto-Assets covered*

4.3.1 Section IV of the CARF defines the term "**Crypto-Asset**" as "*a digital representation of value that relies on a cryptographically secured distributed leger or similar technology to validate and secure transactions".*

4.3.2 Section IV of the CARF defines the term "**Relevant Crypto-Asset**" as *"any Crypto-Asset that is not a Central Bank Digital Currency, a Specified Electronic Money Product or any Crypto-Asset for which the Reporting Crypto-Asset Service Provider has adequately determined that it cannot be used for payment or investment purposes".*

4.3.3 For the purpose of adequately determining whether a Crypto-Asset cannot be used for payment or investment purposes, Reporting Crypto-Asset Service Providers may, as a first step, rely on the classification of the Crypto-Asset that was made for the purpose of determining whether the Crypto-Asset is a virtual asset for AML/KYC purposes pursuant to the Financial Action Task Force (FATF) Recommendations. If a Crypto-Asset is considered to be a virtual asset under the FATF Recommendations, by virtue of being able to be used for payment or investment purposes, it is to be considered a Relevant Crypto-Asset for purposes of the CARF.

4.3.4 Section IV of the CARF defines a "**Central Bank Digital Currency**" as "*any digital Fiat Currency issued by a Central Bank".*

4.3.5 Section IV of the CARF outlines that a "**Specified Electronic Money Product**" means any Crypto-Asset that is:

"a) a digital representation of a single Fiat Currency;
b) issued on receipt of funds for the purpose of making payment transactions;
c) represented by a claim on the issuer denominated in the same Fiat Currency;
d) accepted in payment by a natural or legal person other than the issuer; and
e) by virtue of regulatory requirements to which the issuer is subject, redeemable at any time and at par value for the same Fiat Currency upon request of the holder of the product.

The term "Specified Electronic Money Product" does not include a product created for the sole purpose of facilitating the transfer of funds from a customer to another person pursuant to instructions of the customer. A product is not created for the sole purpose of facilitating the transfer of funds if, in the ordinary course of business of the transferring Entity, either the funds connected with such product are held longer than 60 days after receipt of instructions to facilitate the transfer, or, if no instructions are received, the funds connected with such product are held longer than 60 days after receipt of the funds".

4.3.6 Under Section IV of the CARF, "**Fiat Currency**" means "*the official currency of a jurisdiction, issued by a jurisdiction or by a jurisdiction's designated Central Bank or monetary authority, as represented by physical banknotes or coins or by money in different digital forms, including bank reserves and Central Bank Digital Currencies. The term also includes commercial bank money and electronic money products (including Specified Electronic Money Products)*".

4.3.7 Section IV of the CARF defines the term "**Transfer**" to mean "*a transaction that moves a Relevant Crypto-Asset from or to the Crypto-Asset address or account of one Crypto-Asset User, other than one maintained by the*

Reporting Crypto-Asset Service Provider on behalf of the same Crypto-Asset User, where, based on the knowledge available to the Reporting Crypto-Asset Service Provider at the time of the transaction, the Reporting Crypto-Asset Service Provider cannot determine that the transaction is an Exchange Transaction".

Question 1 – Do you consider the definition of Relevant Crypto-Assets in the OECD CARF rules to be sufficiently clear? If there are aspects of the definition in respect of which further guidance would be useful, please provide details.

4.4 *Reporting Crypto-Asset Service Providers* (the entities and individuals subject to data collection and reporting requirements)

4.4.1 Section IV of the CARF defines the term "**Reporting Crypto-Asset Service Provider**" as "*any individual or entity that, as a business, provides a service effectuating Exchange Transactions 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*".

4.4.2 Section IV of the CARF defines the term "**Relevant Transaction**" as "*any*

a) Exchange Transaction; and

b) Transfer of Relevant Crypto-Assets".

4.4.3 Under Section IV of the CARF, an "**Exchange Transaction**" means: "*any*

a) Exchange between Relevant Crypto-Assets and Fiat Currencies; and

b) *Exchange between one or more forms of Relevant Crypto-Assets*".

4.4.4 As a result of the broad definition, any individual or entity (defined to include a trust) that, as a business, provides a service effectuating Exchange Transactions for or on behalf of customers may fall within the definition of a RCASP. For example, an individual or entity with control or sufficient influence over a decentralised exchange may be acting as an RCASP for this purpose.

4.4.5 The CARF and its associated commentary explicitly address the treatment of certain types of business activities:

In scope	Not in scope
Crypto-Asset exchanges	Investment funds investing in Crypto-Assets because investors cannot transact on their own behalf
Brokers and dealers in Crypto-Assets	Validators of distributed ledger transactions e.g. miners, stakers and node validators
Crypto-Asset ATMs	Issuers when acting solely as creator or issuer of the Crypto-Asset
Intermediaries purchasing Crypto-Assets from an issuer, to resell and distribute them to customers	Operators of Decentralised Finance platforms that solely allow users to make posts about sales and purchases of Crypto-Assets
Making available a trading platform that provides the ability for customers to effectuate Exchange Transactions on that platform	Creators or sellers of software to facilitate Crypto-Asset transactions, provided they do not also provide an exchange service

4.4.6 Many businesses which are currently regulated in Jersey as Virtual Asset Service Providers will be classed as RCASPs – if they provide relevant services to customers. However, given the broad definition of an RCASP under the CARF, other businesses may also be classified as RCASPs, if they provide services to clients which effectuate exchange transactions on behalf of a client. Unlike the CRS, there is no threshold in the CARF regarding the volume of such activities which are undertaken in order to establish if a business is an RCASP. Businesses which, for example, process orders on behalf of clients may be within the scope of the CARF regime.

4.4.7 With respect to the reporting nexus, RCASPs will be subject to the CARF when they are (i) tax resident in, (ii) both incorporated in, or organised under the laws of, and have legal personality or are subject to tax reporting requirements in, (iii) managed from, (iv) having a regular place of business in,

or (v) effectuating Relevant Transactions through a branch based in, a jurisdiction adopting the rules. The CARF also contains rules to avoid duplicative reporting in case a RCASP has nexus with more than one jurisdiction by creating a hierarchy of nexus rules and includes a rule for cases where a RCASP has nexus in two jurisdictions, based on the same type of nexus.

Question 2 – Are there any areas where additional guidance would be helpful in relation to the scope of businesses considered to be RCASPs? If so, please provide examples.

4.5 *Transactions subject to reporting*

4.5.1 Section II of the CARF sets out the reporting requirements with respect to Crypto-Asset Users that are Reportable Users or that have Controlling Persons who are Reportable Users.

4.5.2 Section IV of the CARF sets out the meaning of the following key terms:

4.5.2.1 "**Crypto-Asset User**" – "*means an individual or Entity that is a customer of a Reporting Crypto-Asset Service Provider for purposes of carrying out Relevant Transactions. An individual or Entity, other than a Financial Institution or a Reporting Crypto-Asset Service Provider, acting as a Crypto-Asset User for the benefit or account of another individual or Entity as agent, custodian, nominee, signatory, investment advisor, or intermediary, is not treated as a Crypto-Asset User, and such other individual or Entity is treated as the Crypto-Asset User. Where a Reporting Crypto-Asset Service Provider provides a service effectuating Reportable Retail Payment Transactions for or on behalf of a merchant, the Reporting Crypto-Asset Service Provider must also treat the customer that is the counterparty to the merchant for such Reportable Retail Payment Transaction as the Crypto-Asset User with respect to such Reportable Retail Payment Transaction, provided that the Reporting Crypto-Asset Service Provider is required to verify the identity of such*

customer by virtue of the Reportable Retail Payment Transaction pursuant to domestic anti-money laundering rules".

4.5.2.2 "**Controlling Persons**" – *"means the natural persons who exercise control over an Entity. In the case of a trust, such term means the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term "Controlling Persons" must be interpreted in a manner consistent with the 2012 Financial Action Task Force Recommendations, as updated in June 2019 pertaining to virtual asset service providers".*

4.5.2.3 *"***Reportable Retail Payment Transaction***" – "means a Transfer of Relevant Crypto-Assets in consideration of goods or services for a value exceeding USD 50,000".*

4.5.2.4 "**Reportable Users**" – "*means a Crypto-Asset User that is a Reportable Person*".

4.5.2.5 "**Reportable Person**" – "*means a Reportable Jurisdiction Person other than an Excluded Person*".

4.5.2.6 *"***Reportable Jurisdiction Person***" – "means an Entity or individual that is resident in a Reportable Jurisdiction under the tax laws of such jurisdiction, or an estate of a decedent that was a resident of a Reportable Jurisdiction. For this purpose, an Entity such as a partnership, limited liability partnership or similar legal arrangement that has no residence for tax purposes shall be treated as resident in the jurisdiction in which its place of effective management is situated".*

4.5.2.7 *"***Reportable Jurisdiction***" – "means any jurisdiction (a) with which an agreement or arrangement is in effect pursuant to which [Jurisdiction] is obligated to provide the information specified in Section II with respect to*

Reportable Persons resident in such jurisdiction, and (b) which is identified as such in a list published by [Jurisdiction]".

4.5.2.8 *"***Excluded Person***" – "means (a) an Entity the stock of which is regularly traded on one or more established securities markets; (b) any Entity that is a Related Entity of an Entity described in clause (a); (c) a Governmental Entity; (d) an International Organisation; (e) a Central Bank; or (f) a Financial Institution other than an Investment Entity described in Section IV E(5)(b)".*

Question 3 – Are there any areas where additional guidance would be helpful in relation to the definitions, specifically insofar as the CARF and its Commentary applies to transactions subject to reporting in Jersey?

4.6 *Reporting requirements*

4.6.1 For each relevant calendar year, in Jersey, it is proposed that the reporting period will follow the calendar year – in line with the CRS and FATCA. A 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:

4.6.1.1 The name, address, jurisdiction(s) of residence, TIN(s) and date and place of birth (in the case of an individual) of each Reportable User, and in the case of any Entity that is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, jurisdiction(s) of residence and TIN(s) of the Entity and the name, address, jurisdiction(s) of residence, TIN(s) and date and place of birth of each Reportable Person, as well as the role(s) by virtue of which each Reportable Person is a Controlling Person of the Entity;

4.6.1.2 The name, address and identifying number of the RCASP;

4.6.1.3 For each type of Relevant Crypto-Asset, with respect to which it has effectuated Relevant Transactions during the relevant calendar year:

- The full name of the type of Relevant Crypto-Asset.
- The aggregate gross amount paid and/or received, the number of units and the number of Relevant Transactions in respect of acquisitions and/or disposals against Fiat Currency.
- The aggregate fair market value, the aggregate number of units and the number of Relevant Transactions in respect of acquisitions and/or disposals against other Relevant Crypto-Assets.
- The aggregate fair market value, the aggregate number of units and the number of Reportable Retail Payment Transactions.
- The aggregate fair market value, the aggregate number of units and the number of Relevant Transactions and subdivided by Transfer type, where known by the RCASP, in respect of Transfers to the Reportable User.
- The aggregate fair market value, 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.

4.6.2 Section IV of the CARF defines '**Relevant Transaction'** as "*any exchange transaction and transfer of relevant crypto assets*". The following three 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
- Transfers (including Reportable Retail Payment Transactions) of Relevant Crypto-Assets.

4.6.3 It is proposed that the reporting deadline should be set at 30 June for reporting CARF information, relating to the previous calendar year, in order to give affected businesses time to collect and verify the quality of the data reported. This is the same reporting deadline as for the CRS and FATCA.

Question 4 – Do you agree with the proposal to align the annual reporting deadline with the CRS and FATCA reporting deadline of 30 June?

4.7 *Due diligence procedures*

4.7.1 Section III of the CARF establishes the due diligence procedures for identifying *Reportable Persons*, including both *Individual Crypto-Asset User* and *Entity Crypto-Asset User*. The due diligence requirements are designed to allow RCASPs to efficiently and reliably determine the identity and tax residence of their Individual and Entity Crypto-Asset Users, as well as of the natural persons controlling certain Entity Crypto-Asset Users.

4.7.2 Section IV of the CARF defines the term "**Individual Crypto-Asset User**" as a "*Crypto-Asset User that is an individual*". A "**Preexisting Individual Crypto-Asset User**" means "*an Individual Crypto-Asset User that has established a relationship with the Reporting Crypto-Asset Service Provider as of 1 January 2026".*

4.7.3 Section IV of the CARF defines the term "**Entity Crypto-Asset User**" as a "*Crypto-Asset User that is an Entity*". A "**Preexisting Entity Crypto-Asset User**" means an "*Entity Crypto-Asset User that has established a relationship with the Reporting Crypto-Asset Service Provider as of 1 January 2026".*

4.7.4 The CARF due diligence procedures build on the self-certification process of the CRS, as well as existing Anti Money Laundering (AML)/Know Your Client (KYC) obligations enshrined in the 2012 FATF Recommendations, including updates in June 2019, with respect to obligations applicable to virtual asset service providers.

4.7.5 Under Section III of the CARF, the due diligence procedures that RCASPs are broadly required to undertake for Individual Crypto-Asset Users and Entity Crypto-Asset Users include:

- Identifying Crypto-Asset Users, including their tax residence;

- Obtaining and confirming the reasonableness of valid self-certifications which require details relating to the Crypto-Asset User, including but not limited to, their legal name and jurisdiction(s) of their tax residence and tax identification numbers (TINs) – the Commentary to Section III provides examples to illustrate the application of the reasonableness test;
- Determining whether, an Entity Crypto-Asset User has one or more Controlling Persons who are Reportable Persons, unless it is determined that the Entity Crypto-Asset User is an Active Entity, based on a self-certification from the Entity Crypto-Asset User;
- Determining the relevant tax jurisdiction(s) for reporting purposes; and
- Collecting relevant information to permit reporting, as required.

4.7.6 Under the CARF, RCASPs must stop effectuating transactions in the following circumstances:

- For new accounts (i.e. accounts created on or after the date of entry into force of the rules, being 01 January 2026), where no self-certification has been provided on creation of the account;
- For pre-existing accounts (i.e. those created before the date of entry into force of the legislation being 01 January 2026), where no self-certification has been provided within 12 months; and
- In instances where there has been a change in circumstances, if no self-certification has been received within 90 days.

Question 5 – Are there any areas where additional guidance would be helpful to support the rules set out in the CARF in respect of the due diligence rules and procedures?

4.8 *Approach to legislating*

4.8.1 In line with the approach taken to the CRS and FATCA Regulations, it is proposed to legislate for the CARF by reference to the CARF itself, rather than transposing all the definitions directly into the relevant Regulations. This avoids potential confusion for CASPs and their industries.

4.8.2 It will also be necessary to make provision for aspects which are specific to Jersey, including reporting and record keeping obligations, penalties for non-compliance, the powers of the Comptroller to appropriately enforce the regime and measures to address circumvention of the regime. It is proposed that for consistency, this shall follow the CRS Regulations as far as appropriate

Question 6 – Does the approach to legislating for the CARF present any difficulties?

5 CRS v.2

5.1 *Introduction to the CRS*

5.1.1 The CRS was published by the OECD in 2014, as then, a new global standard for automatic exchange of financial account information, designed to promote tax transparency and help address tax evasion. Over 100 jurisdictions have since implemented the CRS.

5.1.2 The CRS requires participating jurisdictions to gather information from financial institutions in their jurisdiction about non-resident account holders and their controlling persons and then share the information with the jurisdictions in which the account holder or controlling person is resident. The information shared is identity information of the account holder (name, address, date of birth and tax identification number) and for some entity account holders, information about their controlling persons, the financial institution doing the reporting, the account number, the balance or value of the account on 31 December of the reportable year, and the amount of any income paid or credited to the account by the financial institution (interest, dividends, distributions, gross proceeds from the sale or redemption of financial assets). Jersey financial institutions report to Revenue Jersey annually by 30 June in respect of the preceding calendar year.

5.1.3 In light of the experience gained by financial institutions and governments of implementing the CRS in practice, the OECD has carried out a comprehensive review and determined that certain amendments were needed. The scope of the CRS has been expanded and modernised bringing some entities within the scope of the CRS for the first time, alongside amendments to enhance the due diligence and reporting obligations.

5.1.4 Jurisdictions are expected to implement the amendments to the CRS as set out in the OECD package. This consultation seeks to highlight the amendments to the CRS and to obtain views on certain optional elements in Jersey's implementation of the amended CRS rules.

5.2 *New digital financial products*

5.2.1 *Digital money products*

5.2.1.1 Certain e-money products as well as Central Bank Digital Currencies representing a digital fiat currency issued by a Central Bank, are seen as being functionally similar to a traditional bank account from the perspective of customers and may therefore entail tax compliance considerations similar to those associated with bank accounts currently covered by the CRS.

5.2.1.2 "**Central Bank Digital Currency**" means "*any digital Fiat Currency issued by a Central Bank".*

5.2.1.3 As a result, the scope of the CRS has been extended to include certain digital financial products that can be used as alternatives to traditional financial accounts, in order to create a level playing field, to ensure consistent reporting outcomes and to reduce opportunities for CRS avoidance. The following amendments to the CRS have been made:

- The terms "Specified Electronic Money Product" (SEMP) and "Central Bank Digital Currency" (CBDC) have been introduced to expand the scope of the CRS to include e-money products.

- "**Central Bank Digital Currency**" means "*any digital Fiat Currency issued by a Central Bank*".

- "**Specified Electronic Money Product**" means: "(*a) a digital representation of a single Fiat Currency; (b) issued on receipt of funds for the purpose of making payment transactions; (c) represented by a claim on the issuer denominated in the same Fiat Currency; (d) accepted in payment by a natural or legal person other than the issuer; and (e) by virtue of regulatory requirements to which the issuer is subject, redeemable at any time and at par value for the same Fiat Currency upon request of the holder of the product. The term*

'Specified Electronic Money Product' does not include a product created for the sole purpose of facilitating the transfer of funds from a customer to another person pursuant to instructions of the customer. A product is not created for the sole purpose of facilitating the transfer of funds if, in the ordinary course of business of the transferring Entity, either the funds connected with such product are held longer than 60 days after receipt of instructions to facilitate the transfer, or, if no instructions are received, the funds connected with such product are held longer than 60 days after receipt of the funds".

- The definition of "Depository Institution" and "Depository Account" have been amended to include accounts that represent the SEMPs and CBDCs held for customers.

- *"***Depository Institution***"* means "*any Entity that (a) accepts deposits in the ordinary course of a banking or similar business; or (b)* ***holds Specified Electronic Money Products or Central Bank Digital Currencies for the benefit of customers***".

- The term *"***Depository Account***"* *"includes any commercial, checking, savings, time, or thrift account, or an account that is evidenced by a certificate of deposit, thrift certificate, investment certificate, certificate of indebtedness, or other similar instrument maintained by a Depository Institution. A Depository Account also includes: (a) an amount held by an insurance company pursuant to a guaranteed investment contract or similar agreement to pay or credit interest therein;* ***(b) an account or notional account that represents all Specified Electronic Money Products held for the benefit of a customer; and (c) an account that holds one or more Central Bank Digital Currencies for the benefit of a customer***."

- A *de minimis* limit has been created for low value SEMPs whose rolling average-day end-of-day account balance or value does not exceed USD 10,000 in any consecutive 90-day period. SEMPs that meet the *de minimis* limit will be added as a new category of Excluded Account.

5.2.2 *Coverage of derivatives referencing Crypto-Assets and Investment Entities investing in Crypto-Assets*

5.2.2.1 Derivative contracts referencing Crypto-Assets are included in the current definition of Financial Assets under the CRS, thereby allowing Reporting Financial Institutions to apply the same due diligence and reporting procedures to derivatives referencing different types of assets.

5.2.2.2 The definition of Investment Entity has been expanded to include Crypto-Assets as a category of eligible investments that would bring the Entity in scope of the CRS (the current definition only encompasses Financial Assets and money).

5.3 To avoid duplicative reporting under both the amended CRS and the CARF, there is an option to allow jurisdictions to permit, unless the Reporting Financial Institution elects otherwise, that the gross proceeds from the sale or redemption of Financial Assets are not required to be reported under the CRS – if such gross proceeds are reported by the Reporting Financial Institution under the CARF.

Question 7 – Do you agree with the proposal to include the ability to make an election to allow a Reporting Financial Institution to report under both CRS and CARF?

5.4 ***Further amendments to improve CRS reporting***

5.4.1 *Expansion of the reporting requirements in respect of Account Holders, Controlling Persons and their Financial Accounts*

5.4.1.1 The initial design of the reporting requirements set out in the CRS were primarily focused on the transmission of key identification items in respect of Account Holders and Controlling Persons, as well as on information related to the income realised and balances present on Financial Accounts. At the same time, Reporting Financial Institutions may have knowledge of a set of other facts and circumstances surrounding the Account Holders, Controlling Persons and the Financial Accounts they

own, which, if reported, provide tax administrations with a better understanding of the information reported by Reporting Financial Institutions and to facilitate the use of the data for tax compliance purposes.

5.4.1.2 The reporting requirements under the CRS have been expanded to require the following:

- The role of Controlling Persons in relation to an Entity Account Holder and the role(s) of Equity Interest Holders in an Investment Entity – to assist tax administrations to distinguish between the different types of interests held;

- Whether the account is a Preexisting Account or a New Account and whether a valid self-certification has been obtained – this is intended to provide tax administrations with insight into the reliability of information received and provide greater visibility over the application of the due diligence procedures;

- Whether the account is a joint account, as well as the number of joint Account Holders – to improve tax administrations understanding of the data received; and

- To allow for a better understanding of financial investments held by taxpayers, the type of Financial Account (Depository, Custodial, Equity and Debt Interests and Cash Value Insurance Contracts) must be disclosed to tax administrations.

5.4.2 *Reliance on AML/KYC Procedures for determining Controlling Persons*

5.4.2.1 For the sake of certainty, the conditions under which a Reporting Financial Institution can rely on existing AML/KYC procedures to determine the Controlling Persons of a New Entity Account Holder have been moved into the text of the CRS. This was previously covered in Frequently Asked Question 4 (FAQ 4) of the OECD published CRS-related Frequently Asked Questions. The text specifies that AML/KYC

procedures must be conducted in line with the 2012 FATF Recommendations and if AML/KYC procedures are inconsistent with these Recommendations – Reporting Financial Institutions must apply substantially similar procedures. Provided that Financial Institutions conduct their due diligence in line with Jersey's AML framework, this should not require any changes for Financial Institutions on the island.

5.4.3 *Exceptional due diligence procedure for cases where a valid self-certification was not obtained, in order to ensure reporting with respect to such accounts*

5.4.3.1 As the CRS requires Reporting Financial Institutions to obtain and validate self-certifications for all New Accounts, the current CRS does not foresee any fall-back due diligence procedure to be applied in exceptional cases where a Reporting Financial Institution did not comply with the requirement to obtain a valid self-certification.

5.4.3.2 In order to address this, the revised CRS introduces a new provision. In the exceptional case where a self-certification cannot be obtained before the opening of a new accounting, Reporting Financial Institutions will be required to temporarily determine the residence of the Account Holders and/or Controlling Persons on the basis of the due diligence procedures for Preexisting Accounts and to report on this basis. It should be noted that this is not a standard procedure and is not an alternative to the requirement to obtain a valid self-certification.

5.4.4 *Qualification of certain capital contribution accounts as Excluded Accounts*

5.4.4.1 The amended CRS creates a new category of Excluded Account, namely, capital contribution accounts, which are used to hold frozen funds for the incorporation of a new company or a pending capital increase. Such accounts are excluded, provided that certain safeguards are in place to avoid misuse of the exclusion.

5.4.4.2 In order to ensure that such accounts are only used for the completion of an imminent capital contribution transaction, such an account is treated

as an Excluded Account only where the use of such accounts is prescribed by law and for a maximum period of 12 months.

5.4.5 *Non-Reporting Financial Institution category for genuine charities*

5.4.5.1 The amended CRS creates a new, optional category of Non-Reporting Financial Institution, known as a Qualified Non-Profit Entity, for non-profit entities that meet certain conditions, as set out in subparagraph D(9)(h) of Section 8 of the CRS.

5.4.5.2 Subparagraph D(9)(h) of Section 8 of the CRS outlines the following conditions

- It is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes, or it is established and operated in its jurisdiction of residence and it is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;

- It is exempt from income tax in its jurisdiction of residence;

- It has no shareholders or members who have a proprietary or beneficial interest in its income or assets;

- The applicable laws of the Non-Financial Entity's jurisdiction of residence or the Non-Financial Entity's formation documents do not permit any income or assets of the Non-Financial Entity to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the Non-Financial Entity's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the Non-Financial Entity has purchased; and

- The applicable laws of the Non-Financial Entity's jurisdiction of residence or the Non-Financial Entity's formation documents require that, upon the Non-Financial Entity's liquidation or dissolution, all of its assets be distributed to a Governmental Entity or other non-profit organisation, or escheat to the government of the Non-Financial Entity's jurisdiction of residence or any political subdivision thereof.

5.4.5.3 It is proposed to designate Qualified Non-Profit Entities as Non-Reporting Financial Institutions in Jersey's law.

Question 8 – Do you agree that Jersey should permit Qualified Non-Profit Entities that meet the conditions under Section 8D(9)(h) to be classified as Non-Reporting Financial Institutions?

5.4.6 *Broadening the definition of Depository Institution*

5.4.6.1 The term Depository Institution has been amended to expand the scope to include entities that are merely licensed to engage in certain banking activities but are not actually so engaged.

5.4.7 *Clarifying the terms of "customer" and "business" in the context of funds*

5.4.7.1 Further clarity is added to confirm in the Commentary that investors of funds are to be considered "*customers*" and the funds themselves can be considered to conduct activities "*as a business".* This is intended to be consistent with the interpretation of the definition of Financial Institution in the FATF Recommendations.

5.4.8 *Reporting in respect of dual-resident account holders*

5.4.8.1 Currently, a taxpayer who would be considered to be dual resident, if not for the application of a tie-breaker clause in a double tax treaty, is permitted to only disclose a single jurisdiction of residence. Under the amended CRS, the Commentary has been revised in order to ensure that, in tiebreaker scenarios, all jurisdictions of tax residence should be

self-certified by the Account Holder and the Account Holder should be treated as tax resident in all identified jurisdictions.

5.4.8.2 The Commentary has been revised as follows: "*The self-certification must allow determining the Account Holder's residence(s) for tax purposes. Generally, an individual will only have one jurisdiction of residence. However, an individual may be resident for tax purposes in two or more jurisdictions under the domestic laws of such jurisdictions.* ***In those circumstances, the expectation is that all jurisdictions of residence are to be declared in a self-certification and that the Reporting Financial Institution must treat the account as a Reportable Account in respect of each Reportable Jurisdiction.*** *The domestic laws of the various jurisdictions lay down the conditions under which an individual is to be treated as fiscally 'resident'. They cover various forms of attachment to a jurisdiction which, in the domestic taxation laws, form the basis of a comprehensive taxation (full liability to tax). They also cover cases where an individual is deemed, according to the taxation laws of a jurisdiction, to be resident of that jurisdiction (e.g. diplomats or other persons in government service).* ~~***To solve cases of double residence, tax conventions contain special rules which give the attachment to one jurisdiction a preference over the attachment of the other jurisdiction for purposes of these conventions. Generally, an individual will be resident for tax purposes in a jurisdiction if, under the laws of that jurisdiction (including tax conventions), he pays or should be paying tax therein by reason of his domicile, residence or any other criterion of a similar nature, and not only from sources in that jurisdiction***~~*. Dual resident individuals may rely on the tiebreaker rules contained in tax conventions (if applicable) to solve cases of double residence for determining their residence for tax purposes* ***until 1 January 2026. Following 1 January 2026, dual resident individuals that are (re-) documented may not rely on tiebreaker rules and will be expected to declare all their jurisdictions of residence."***

5.4.9 *Reflecting Government Verification Services within the CRS due diligence procedures*

5.4.9.1 At present, the CRS due diligence procedures are based on AML/KYC documentation, self-certifications and other account-related information collected by Reporting Financial Institutions. At the same time, technology is evolving in a direction that can potentially drastically simplify the documentation of taxpayers in a highly reliable manner. Specifically, so-called Government Verification Services (GVS) may allow a third-party information provider, such as a Reporting Financial Institution, to obtain a direct confirmation in the form of an IT token or other unique identifier from the tax administration of the jurisdiction of residence of the taxpayer in relation to their identity and tax residence.

5.4.9.2 Reporting Financial Institutions will be allowed to rely on a GVS procedure to document an Account Holder or Controlling Person under the CRS due diligence procedures.

5.4.10 *Look-through requirements in respect of Controlling Persons of publicly traded Entities*

5.4.10.1 Interpretative note to FATF Recommendation 10 (customer due diligence) provides that financial institutions are not required to request information on the beneficial owner(s) of publicly traded companies, if such company is already otherwise subject to disclosure requirements ensuring adequate transparency of beneficial ownership information. To ensure alignment with the FATF Recommendations, this exclusion will now be included in the CRS.

5.4.11 *Integrating Citizenship by Investment / Residence by Investment schemes guidance within the CRS*

5.4.11.1 In October 2018, the OECD released explanatory guidance for Reporting Financial Institutions aimed at highlighting the potential for misuse of certain citizenship and residence by investment (CBI/RBI) schemes, which may allow foreign individuals to obtain citizenship or temporary or permanent residence rights in a jurisdiction on the basis of local

investments or against a flat fee and which may have the effect of permitting the circumvention of the CRS. The explanatory guidance is now included in the Commentary.

5.4.12 *Incorporating Frequently Asked Questions*

5.4.12.1 Since the CRS was adopted in 2014, the OECD has been regularly asked to provide guidance on the interpretation of the CRS. This has been typically done through the development of frequently asked questions (FAQs) that are published on the OECD website. In order to reflect the substantive guidance given through the FAQs in the CRS itself, language has been added to the Commentary in several places.

Question 9 – is any further guidance needed in respect of the amendments to the CRS?

6 Other proposed administrative amendments to the existing AEOI Regulations

6.1 *The domestic implementation framework of AEOI in Jersey*

6.1.1 The introduction of a new AEOI reporting requirement in the form of the CARF has presented an opportunity to review how well the current administrative framework underpinning AEOI in Jersey is operating.

6.1.2 Financial Institutions, Crypto-Asset Service Providers and advisers are being consulted on a range of proposed amendments to improve the operation of the AEOI Regulations in Jersey. These amendments include the introduction of formal registration, nil return and notification requirements for Financial Institutions and Crypto-Asset Service Providers; proposed changes to the penalty regime governing AEOI in Jersey; proposed amendments to bring about greater clarity regarding the correction of submitted AEOI reports, and a proposal aimed to introduce a new manner and form in which participating jurisdictions and partner jurisdictions will be listed going forward – for both the CRS and CARF.

6.2 *Creation of mandatory registration and nil reporting requirements*

6.2.1 Jurisdictions implementing the CRS and the CARF are required to be able to demonstrate that all Reporting Financial Institutions or RCASPs are identified. Many jurisdictions have addressed this by requiring Financial Institutions to register with their revenue authorities under their domestic CRS legislation – Jersey has not done so to date.

6.2.2 A Financial Institution is defined for CRS and FATCA purposes as a Custodial Institution, a Depository Institution, a Specified Insurance Company or an Investment Entity. However, not all Financial Institutions currently report to Revenue Jersey. This may be because the Entity is a Non-Reporting Financial Institution, as defined in the CRS and FATCA Regulations, because they fall into one of a number of low-risk categories (e.g. certain pension schemes).

6.2.3 Moreover, Financial Institutions do not have reporting obligations if the Financial Institution's account holders and/or any controlling persons are all resident only in non-CRS participating jurisdictions (or, for FATCA purposes, were not born in, or are not citizens of the United States of America). Alternatively, the Financial Institution may only hold accounts classed as Excluded Accounts, which are not reportable. In both of these cases, given that there is currently no nil reporting requirement for FATCA and CRS purposes in Jersey, Financial Institutions are not required to submit CRS and/or FATCA reports.

6.2.4 In other instances, Reporting Financial Institutions – which should submit reports, fail to do so in a timely manner often due to oversight or misinterpretation of the rules. It is important that these Reporting Financial Institutions can be identified quickly in order to ensure that the position is rectified as speedily as possible, so as to ensure that the information exchanged with participating/partner jurisdictions is complete and correct, as required under the international agreements signed by Jersey.

6.2.5 The lack of a mandatory registration and nil return requirement can make it difficult for Revenue Jersey to determine whether Financial Institutions, which do not report, have correctly applied the AEOI Regulations. In order to address this, Revenue Jersey contacts thousands of entities each year in order to verify their status. The majority of this take place immediately after the annual reporting deadline of 30 June, as Revenue Jersey seeks to verify that every Reporting Financial Institution has reported before the information is exchanged with participating/partner jurisdictions by the global exchange deadline of 30 September. Given that more than 99% of Jersey's Reporting Financial Institutions are clients of Trust and Company Service Providers (TCSPs) or fund administrators, the bulk of these enquiries are addressed to a relatively small number of regulated service providers. In most cases, Financial Institutions have a valid reason for not reporting, such as ceasing to operate. Nevertheless, responding to Revenue Jersey's queries and providing sufficient supporting evidence can be a time-consuming process for the entities involved.

6.2.6 In order to address this, it is proposed that the AEOI Regulations be amended to introduce an obligation on every Jersey Financial Institution (both Reporting and Non-Reporting Financial Institutions) and Jersey Crypto-Asset Service Provider to register with Revenue Jersey. At the point of registration, an Entity will need to advise Revenue Jersey of its name, address, the name and address of its trustees or equivalent if applicable, the name and address of its service provider if applicable, its legal form, its classification for AEOI purposes and the date of formation and the jurisdiction under whose laws it was created. This registration can be carried out by a third-party service provider on behalf of the Financial Institution or CASP.

6.2.7 It is proposed that this registration obligation would apply with effect from 1 January 2026. Financial Institutions or CASPs which are created, migrate to Jersey, gain a Jersey nexus and/or are reclassified as a Financial Institution or CASP within a reporting period (i.e. calendar year) would be required to register with Revenue Jersey by 31 March of the following year. Accordingly, the first registration deadline would therefore be 31 March 2027.

6.2.8 In addition, existing Financial Institutions or CASPs will be required to register with Revenue Jersey by 31 March 2027 if they were classified as a Financial Institution or CASP at any time during 2026.

6.2.9 A Financial Institution or CASP must ensure that its details are kept up to date, and that changes are notified to Revenue Jersey by no later than 31 March of the year following the year in which a change has occurred. This would include *inter alia*, a change of service provider, change of address, a change in the classification and/or other reason for which a Financial Institution or CASP would not be submitting a full or nil return in the current year (see below).

6.2.10 Alongside the introduction of the registration requirement, it is also proposed to introduce a new mandatory nil return requirement. This would apply to registered Financial Institutions and CASPs which maintained

financial accounts in a reporting period, none of which were Reportable Accounts. The deadline for submission of the nil returns would align with the current AEOI reporting deadline of 30 June.

6.2.11 A Financial Institution or CASP should indicate on registration if it is not required to submit either CRS, FATCA or CARF reports or nil reports, and the reason for this (such as, for example, in the case of the CRS, if the Financial Institution itself is classified as a Non-Reporting Financial Institution). It is proposed that the same could also apply to Financial Institutions which only hold financial accounts classed as Excluded Accounts. No further reporting or nil reporting would be required, unless the status of the Financial Institution or CASP later changed, in which case, this should be notified to Revenue Jersey by the following 31 March and, if necessary, the necessary reports or nil reports submitted.

6.2.12 A Financial Institution or CASP must deregister where it has been dissolved, terminated, ceased to operate or transferred permanently out of Jersey. A request to deregister must be submitted by 31 March of the year following that in which the event giving rise to the need to deregister occurred. For example, if an entity was a Jersey Financial Institution until it migrated from Jersey on 30 April 2027, it would be required to submit a request to deregister by 31 March 2028.

6.2.13 An entity or individual submitting a request to deregister would be required to submit details of the reason for the request, as well as whether the entity had any further reporting obligations and if so, the identity of the person who would be responsible for satisfying those obligations. The request to deregister would be approved by Revenue Jersey once the final reporting obligations were satisfied. In the example above, if the Financial Institution was required to submit a CRS report in respect of the period to 30 April 2027, the request to deregister would be approved after the submission of the 2027 CRS report in June 2028.

6.2.14 In the case of a Financial Institution or CASP which was a Financial Institution or CAPS at any point in 2026, before ceasing to be a Financial

Institution or CASP in the same year, it would be required to both register and submit a request to deregister by 31 March 2027.

6.2.15 Financial Institutions and CASPs which are reclassified during a period, so that they are no longer classified as a Financial Institution or CASP – and therefore have no ongoing reporting obligation, should also deregister with Revenue Jersey. However, the classification of certain types of entities, particularly those classified as Investment Entities under the CRS, may change periodically depending on factors including their asset portfolio and income sources. It is not uncommon for the classification of these Financial Institutions to change from Financial Institution to Non-Financial Entity and potentially back to Financial Institution over a period of time. In such cases, consideration could be given to permitting a Financial Institution or CASP to suspend its registration rather than to formally deregister, with the requirement that any subsequent reclassification back to Financial Institution or CASP status would be notified by 31 March of the following year.

6.2.16 Trustee Documented Trusts (TDTs) are classed as Non-Reporting Financial Institutions under the AEOI Regulations, provided their trustees report on their behalf. TDTs will therefore be required to register but will not be required to report or notify, provided their trustees comply with their reporting obligations by the reporting deadline. The same would apply to Sponsored Entities for the purposes of FATCA.

6.2.17 From a systems perspective, Revenue Jersey is committed to ensuring that the registration, deregistration, notification and reporting processes are as seamless and straightforward as possible.

Question 10 – Do you agree with the proposal to introduce a mandatory initial registration requirement, alongside the nil reporting and notification requirements?

Question 11 – It is proposed that a consolidated registration will be undertaken by Financial Institutions and Crypto-Asset Service Providers so that an Entity or Individual can easily indicate their status under each of CRS, FATCA and CARF. Are there instances in which it may be beneficial to require separate registrations for the purposes of CRS, FATCA and/or CARF?

Question 12 – Are there other types of Financial Institution or Crypto-Asset Service Provider that should be exempted from the annual reporting or notification requirement other than those proposed?

Question 13 – When an entity is reclassified (for example, where it continues to exist but is no longer classified as a Financial Institution) should the entity always be required to formally deregister as an FI or CASP with Revenue Jersey? Alternatively, would it be preferable to allow the entity to notify that it is no longer an FI or CASP and for its registration to be suspended until such time as it is reclassified as a FI or CASP again, or is wound up or leaves Jersey?

6.3 *Amendments to the penalty regime*

6.3.1 *Introduction of stand-alone late filing penalty and changes to the general penalty for failure to comply*

6.3.1.1 The consultation on amendments to the CRS and FATCA Regulations issued in February 2024 set out proposed amendments to aspects of the approach to penalties under the AEOI Regulations, namely:

- Introducing a new stand-alone penalty for late or non-submission of a CRS or FATCA return;
- Creating the ability for the Comptroller of Revenue to apply discretion on the value of penalties applied for other forms of non-compliance with the Regulations; and
- Adding extra clarity to the Regulations on what constitutes a "return" for the purposes of the Regulations, given the need for

some Financial Institutions to split reporting over a number of separate submissions.

6.3.1.2 These amendments were intended to improve the transparency of the penalty regime applied. The feedback received to the earlier consultation was positive, but a small number of respondents indicated the desire for greater clarity regarding the factors influencing decisions on the quantum of penalties to apply, and for increased certainty about the basis on which these penalties would be calculated.

6.3.1.3 As a result of this feedback, in addition to the changes set out above, it is proposed to:

- Publish guidance on gov.je setting out the basis for application of penalties imposed under Regulation 10 of the CRS Regulations and Regulation 8 of the FATCA Regulation. The proposed framework is attached at **Annex 2**; and
- Clarify in the AEOI Regulations that penalties imposed under Regulation 10 or Regulation 8, as applicable, are calculated on the basis of the number of accounts affected by each failure to comply with the Regulations.

6.3.1.4 In addition, it is proposed that:

- The value of the penalty for late or non-submission of a return is standardised across the CRS, FATCA and CARF Regulations at £300, in line with the penalty for late filing of a company tax return;
- Daily default penalties for late filing will apply, in line with the current AEOI Regulations; and
- The above will also apply in respect of the CARF.

Question 14 – Do you consider that the proposed approach will provide more clarity?

Question 15 – Do you consider that the proposed penalty calculation framework set out in **Annex 2** provides sufficient clarity? If not, what, if any, other factors do you consider should be included in the guidance on calculation of penalties for failure to comply with the Regulations?

Question 16 – Do you consider that that the penalty for late submission of a CRS, FATCA or CARF return should be standardised, and do you consider that the proposed level of £300 is appropriate?

6.4 ***Improving timely compliance with the AEOI Regulations***

6.4.1 *Corrections to submitted reports*

6.4.1.1 In response to requests from Financial Institutions, it is proposed to amend the CRS and FATCA Regulations to clarify that reports must be corrected if an error in the mandatory or optional/mandatory elements of a return is identified.

6.4.1.2 The amount of any subsequent penalty imposed would be assessed in accordance with the framework for calculation of penalties and mitigation factors applied. This will ensure that any penalty imposed reflects the severity of the error being corrected and the length of time taken to correct submitted reports.

6.4.1.3 Similar provisions would apply in relation to CARF.

Question 17 – Does the proposal as set out above meet the needs of industry for more certainty around the circumstances in which errors should be corrected? If not, what alternatives could be considered? – please provide details

6.4.2 *12-month time limitation to apply penalties*

6.4.2.1 Where errors or failures occur, it is important that Reporting Financial Institutions and RCASPs are encouraged to rectify them in a timely

manner. On that basis, it is proposed to remove the time limit currently provided for in Regulation 10 and Regulation 8F of the CRS and FATCA Regulations respectively, which prevents penalties from being raised more than 12 months after they are identified.

6.4.2.2 At the same time, as set out in **Annex 2,** the value of penalties charged, if any, will be mitigated if corrected files are submitted quickly.

6.4.2.3 It is proposed that a similar approach is applied to CARF.

Question 18 – Does the proposal to remove the time limit, which currently prevents penalties from being raised more than 12 months after they are identified, appear to present any specific issues?

6.5 ***Listing of Participating and Partner Jurisdictions***

6.5.1 The CRS sets out a category of jurisdictions referred to as "Participating Jurisdictions". Each jurisdiction's list of Participating Jurisdictions will differ, as one of the requirements to be classed as participating is for there to be an active agreement in place between the two jurisdictions to exchange CRS information.

6.5.2 The Participating Jurisdictions list serves two main purposes. Firstly, whether an account holder or controlling person is resident in a Participating or non-Participating Jurisdiction is key for Financial Institutions to understand whether CRS due diligence rules apply. Secondly, in Jersey, the list of Participating Jurisdictions also serves as the list of Reportable Jurisdictions, which informs Financial Institutions understanding of what information to report.

6.5.3 Currently, Participating Jurisdictions are listed in Schedules 2, 3 and 4 of the CRS Regulations, and any changes to the schedules are made by ministerial order. In practice, the process to add or remove jurisdictions from the Schedules to the CRS Regulations can be inefficient and time-

consuming, which can delay Financial Institutions wishing to submit reports.

6.5.4 In order to expedite this process and to provide Financial Institutions with greater clarity, it is proposed to remove the schedules of participating jurisdictions from the CRS Regulations and replace it with a power to list Participating Jurisdictions by direction.

6.5.5 The CARF includes a similar concept, that of Partner Jurisdictions. The same approach is proposed to be applied to the CARF.

Question 19 – Do you agree with the proposal to remove the schedules of Participating Jurisdictions from the CRS Regulations and to replace them with a power to list Participating Jurisdictions by direction? If not, please explain your reasons.

6.6 Anti-Avoidance Rule

6.6.1 Regulation 19 of the CRS Regulations sets out the anti-avoidance rule as follows:

> *"(1) This Regulation applies if a person enters into an arrangement and the main purpose, or one of the main purposes, of the person entering into the arrangement is to avoid any requirement of these Regulations.*
>
> *(2) If this Regulation applies –*
>
> *(a) for the purposes of these Regulations the arrangement is taken not to have been entered into; and*
>
> *(b) these Regulations have effect as if the arrangement had not been entered into."*

6.6.2 Under Section IX of the CRS: "*A jurisdiction must have rules and administrative procedures in place to ensure effective implementation of, and compliance with, the reporting and due diligence procedures set out above including rules to prevent any Financial Institutions, persons or*

intermediaries from adopting practices intended to circumvent the reporting and due diligence procedures"

6.6.3 It is expected that a similar anti-avoidance rule would be applied in respect of the CARF.

Question 20 – Are there aspects of the anti-avoidance rule which could be improved in order to give greater certainty to businesses, while remaining consistent with OECD expectations? If so, please provide practical examples.

7 Closing comments and remarks

7.1 The eventual legislation implementing the CARF and/or amended CRS may be subject to additional changes depending in the outcome of discussions at the OECD regarding interpretative guidance. In particular, additional guidance is expected regarding the application of the regimes to decentralised finance structures.

7.2 Draft legislation is expected to be published in the spring of 2025.

Question 21 – Is there any further guidance that would provide specific clarity or certainty in respect of the CARF and amended CRS? If so, please provide specific details.

Annex 1 – Comparison between the CARF and the CRS

CARF compared to the CRS	
Similarities to CRS	• **Annualised reporting and exchange**: like the CRS, the CARF seeks to apply annualised reporting requirements that support annual automatic exchanges between tax authorities. 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 automatic exchange of information. • **Due diligence:** 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 Financial Institutions. The CARF also allows RCASPs that are also subject to the CRS to rely on the due diligence procedures for New Accounts performed for CRS purposes. • **Confidentiality requirements**: The CARF requires jurisdictions to have appropriate confidentiality and data safeguards (CDS) in place. All jurisdictions that implement the CRS undergo a CDS assessment by the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes. Given that these assessments cover automatic information exchange in general, the assessments can be expected to continue to be relied on to the extent that the analysis and conclusions are applicable to the CARF (which is generally expected to be the case). Hence, to the extent that jurisdictions have previously completed a CDS assessment, the conclusions would be applicable to the CARF.
Differences from CRS	• **Scope of assets**: The CARF applies to a distinct set of assets that differs from those covered under the current CRS. While the CRS covers traditional money, securities and other financial products (i.e.

	Financial Assets), the CARF is concerned with a different set of assets, namely Crypto-Assets. These assets are distinguishable from Financial Assets as they rely on cryptography and distributed ledger technology, in particular blockchain technology, to be issued, recorded, transferred and stored in a decentralised manner, without the need to rely on traditional financial intermediaries or central administrators. • **Scope of entities**: as opposed to the CRS, which covers Financial Institutions, under the CARF a different set of reporting entities, RCASPs, are required to perform due diligence and report (noting that some Entities might qualify both as Financial Institutions and RCASPs). RCASPs 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. RCASPs that are not Financial Institutions may have no experience with tax information collection and reporting given that they have not been previously subject to CRS. • **Transaction-based reporting**: While the CRS requires reporting annual account balances and payments, as well as sales proceeds from Financial Assets, the CARF relies on transaction-based reporting requirements to document 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 user on an aggregate basis by type of Relevant Crypto-Asset, distinguishing the type of transactions.

Annex 2 – Draft penalty framework to be applied in respect of general failures to comply with the Regulations

Part I – Establishing the value of penalty before mitigation

Nature of general failure to comply	Explanation	Penalty/ Penalty range	Amount determination
Significant failure	Significant failure for deliberate non-compliant behaviour where Regulation 12 (CRS)/Regulation 8D (FATCA) does not apply. Breaches for failure to comply with the due diligence obligations.	£300	Fixed amount
Moderate failure	Failures relating to data retention, quality assurance, data quality, or failures which are careless in nature. The failure for each Financial Institution will also be considered in light of similar repeated failures for the same breach by the same administrator/trustee.	£100-£300	• Percentage of overall reportable accounts impacted by breach • Overall significance of the data point(s) impacted • Scale of remediation required • Whether the breach is repeated by the same Financial Institution/administrator/trustee • Impact on exchange deadline
Minor failure	Failures relating to submitted data which have no impact on a partner revenue authority's ability to directly identify an account holder or controlling person.	£0-£100	Impact of the breach and scale of remediation required

Annex 2 – Draft penalty framework to be applied in respect of general failures to comply with the Regulations

Part II – Mitigating factors

Mitigating factors	Possible acceptable explanations	Penalty reduction percentage
Significant mitigating factors	Unprompted disclosure but full and open communication, submission of corrected data ahead of exchanges taking place and/or in a timely manner by agreed timeframes e.g. within 30 days of identification.	50%-100%
Moderate mitigating factors	Prompted disclosure but full transparency, first instance of this error occurring (consider administrator level errors too), additional controls/checks implemented by the Financial Institution, timeline of rectification considered reasonable, level of cooperation considered. Prompted or unprompted disclosures not resolved within 30 days of the error being identified.	0%-75%
Minor mitigating factors	Prompted disclosure with full transparency but error is repeated in a previous year, either by the Financial Institution or service provider, remediation (prompted or unprompted) takes a long time e.g. 90-180 days, the Financial Institution is not very cooperative.	0%-25%
Unconsidered mitigating factors	Reliance on other personnel, IT system failures, staff changes, and forgetfulness (alone), no cooperation.	0%

Annex 2 – Draft penalty framework to be applied in respect of general failures to comply with the Regulations

Part III – Case examples

(A)

Breach explanation	Accounts impacted	Mitigating factors	Outcome/Explanation	Penalty Amount
A human error has resulted in account holders self-certifying as Ettinands (ET) residents being incorrectly reported as Erlands resident (ER). The administrative team responsible for performing the reasonableness checks on the self-certifications received has keyed in the wrong country code in the data management system. The data reported on the CRS return is fed through from the data management system. TIN on record against the country of residence, nor a system reminder for staff to cross reference personal information presented on documentation against that manually keyed-in.	Impacting 100 accounts	In this instance the Reporting Financial Institution notices the error as a result of its annual validation checks exercise, proactively informs Revenue Jersey of the error as soon as this was noticed in December. The Reporting Financial Institution voids the historic XML files with the incorrect country residence codes and submits a new return within 30 days, updating Revenue Jersey of the progress on a weekly basis. The Reporting Financial Institution decides to introduce another round of validation checks post submission and enhance staff training in this area	This is categorised as a moderate failure which has resulted in information reported not being sent to the correct jurisdiction. The penalty range is £100-300, given the number of accounts impacted as a percentage of overall accounts, the scale of remediation, and significance of the residence field, the initial penalty amount is £215. Taking into account the following mitigating factors: unprompted disclosure, full cooperation, timeline of rectification, and additional checks implemented, the mitigation percentage is: 85%. The error was identified and rectified following the information exchange, as such a 100% mitigation percentage is not possible.	£215 x 0.15 x 100 breaches = £3,225

(B)

Breach explanation	Accounts impacted	Mitigating factors	Outcome/Explanation	Penalty Amount
A human error has resulted in account holders self-certifying as Ettinands (ET) residents being incorrectly reported as Erlands resident (ER). The administrative team responsible for performing the reasonableness checks on the self-certifications received has keyed in the wrong country code in the data management system. The data reported on the CRS return is fed through from the data management system. There was no built-in solution/add-on to verify the TIN on record against the country of residence, nor a system reminder for staff to cross reference personal information presented on documentation against that manually keyed-in.	Impacting 100 accounts	In this instance Revenue Jersey notes the error following a thematic review of the Self-certifications and informs the Reporting Financial Institution of this. The Reporting Financial Institution voids the historic XML files with the incorrect country residence codes and submits a new return within 45 days, updating Revenue Jersey on the progress regularly. The Reporting Financial Institution decides to implement additional control/checks to avoid similar errors in the future.	This is categorised as a moderate failure which has resulted in information reported not being sent to the correct jurisdiction. The penalty range is £100-300, given the number of accounts impacted as a percentage of overall accounts, the scale of remediation, and significance of the residence field, the initial penalty amount is £215. Taking into account the following mitigating factors: prompted disclosure, full cooperation, timeline of rectification considered reasonable, first instance of this error occurring, and additional checks implemented the mitigation percentage is: 65%	£215 x 0.35 x 100 breaches = £7,525

(C)

Breach explanation	Accounts impacted	Mitigating factors	Outcome/Explanation	Penalty Amount
A human error has resulted in account holders self-certifying as Ettinands (ET) residents being incorrectly reported as Erlands resident (ER). The administrative team responsible for performing the reasonableness checks on the self-certifications received has keyed in the wrong country code in the data management system. The data reported on the CRS return is fed through from the data management system. There was no built-in solution/add-on to verify the TIN on record against the country of residence, nor a system reminder for staff to cross reference personal information presented on documentation against that manually keyed-in.	Impacting 100 accounts	In this instance Revenue Jersey notes the error following a desk-based review of the Self-certifications and informs the Reporting Financial Institution of this. Upon further review, the Reporting Financial Institution had a similar instance of this error occurring in the past. The Reporting Financial Institution voids the historic XML files with the incorrect country residence codes and submits a new return, however due to technical constraints the submission takes place after 100 days of the failure being notified to the Reporting Financial Institution.	This is categorised as a moderate failure which has resulted in information reported not being sent to the correct jurisdiction. The penalty range is £100-300, given the number of accounts impacted as a percentage of overall accounts, the scale of remediation, and significance of the residence field, the initial penalty amount is £215. Taking into account the following mitigating factors: the nature of the unprompted disclosure, the cooperation of the Financial Institution, the fact that this is a repeated failure, and the length of time taken to rectify the error there are minor mitigating factors 20%.	£215 x 0.80 x 100 breaches = £17,200

(D)

Breach explanation	Accounts impacted	Mitigating factors	Outcome/Explanation	Penalty Amount
A human error has resulted in account holders self-certifying as Ettinands (ET) residents being incorrectly reported as Erlands resident (ER). The administrative team responsible for performing the reasonableness checks on the self-certifications received has keyed in the wrong country code in the data management system. The data reported on the CRS return is fed through from the data management system. There was no built-in solution/add-on to verify the TIN on record against the country of residence, nor a system reminder for staff to cross reference personal information presented on documentation against that manually keyed-in.	Impacting 100 accounts	In this instance Revenue Jersey notices the error following a desk-based review on the Self-certifications of the Reporting Financial Institution and notified the Reporting Financial Institution of the discrepancy. Revenue Jersey notes that this is not the first instance of the error occurring with the Reporting Financial Institution. The Reporting Financial Institution advises that these errors are due to a lack of training within the team and will arrange to provide staff with third party training, to prevent any further similar mistakes in future. The Reporting Financial Institution voids the historic XML files with the incorrect country residence codes but takes over 180 days to do so and is hesitant to rectify the error.	This is categorised as a moderate failure which has resulted in information reported not being sent to the correct jurisdiction. The penalty range is £100-300, given the number of accounts impacted as a percentage of overall accounts, the scale of remediation, and significance of the residence field, the initial penalty amount is £215. Due to the nature that this is a repeated failure caused from the lack of training of the Reporting Financial Institution's staff no mitigating factors will be taken into account in this instance. The Reporting Financial Institution should have taken the appropriate measures to ensure adequate training has been provided from the outset.	£215 x 100 breaches = £21,500

Annex 3 – Summary of consultation questions

A) CARF

Question 1 – Do you consider the definition of Relevant Crypto-Assets in the OECD CARF rules to be sufficiently clear? If there are aspects of the definition in respect of which further guidance would be useful, please provide details.

Question 2 – Are there any areas where additional guidance would be helpful in relation to the scope of businesses considered to be RCASPs? If so, please provide examples.

Question 3 – Are there any areas where additional guidance would be helpful in relation to the definitions, specifically insofar as it applies to transactions subject to reporting in Jersey?

Question 4 – Do you agree with the proposal to align the annual reporting deadline with the CRS and FATCA reporting deadline of 30 June?

Question 5 – Are there any areas where additional guidance would be helpful to support the rules set out in the CARF in respect of the due diligence rules and procedures?

Question 6 – Does the approach to legislating present any difficulties?

B) CRS v.2

Question 7 – Do you agree with the proposal to include the ability to make an election to allow a Reporting Financial Institution to report under both CRS and CARF?

Question 8 – Do you agree that Jersey should permit Qualified Non-Profit Entities that meet the conditions under Section 8D(9)(h) to be classified as Non-Reporting Financial Institutions?

Question 9 – is any further guidance needed in respect of the amendments to the CRS?

C) Other proposed amendments to the existing AEOI Regulations

Question 10 – Do you agree with the proposal to introduce a mandatory initial registration requirement, alongside the nil reporting and notification requirements?

Question 11 – It is proposed that a consolidated registration will be undertaken by Financial Institutions and Crypto-Asset Service Providers so that an Entity or Individual can easily indicate their status under each of CRS, FATCA and CARF. Are there instances in which it may be beneficial to require separate registrations for the purposes of CRS, FATCA and/or CARF?

Question 12 – Are there other types of Financial Institution or Crypto-Asset Service Provider that should be exempted from the annual reporting or notification requirement other than those proposed?

Question 13 – When an entity is reclassified (for example, where it continues to exist but is no longer classified as a Financial Institution) should the entity always be required to formally deregister as an FI or CASP with Revenue Jersey? Alternatively, would it be preferable to allow the entity to notify that it is no longer an FI or CASP and for its registration to be suspended until such time as it is reclassified as a FI or CASP again, or is wound up or leaves Jersey?

Question 14 – Do you consider that the proposed approach to introduce a stand-alone late filing penalty and the changes to the general penalty for failure to comply will provide more clarity?

Question 15 – Do you consider that the proposed penalty calculation framework set out in **Annex 2** provides sufficient clarity? If not, what, if any, other factors do you consider should be included in the guidance on calculation of penalties for failure to comply with the Regulations?

Question 16 – Do you consider that that the penalty for late submission of a CRS, FATCA or CARF return should be standardised, and do you consider that the proposed level of £300 is appropriate?

Question 17 – Does the proposal as set out above meet the needs of industry for more certainty around the circumstances in which errors should be corrected? If not, what alternatives could be considered? – please provide details

Question 18 – Does the proposal to remove the time limit currently provided for in Regulation 10 and 8F of the CRS and FATCA Regulations respectively, which prevents penalties from being raised more than 12 months after they are identified, appear to present any specific issues?

Question 19 – Do you agree with the proposal to remove the schedules of Participating Jurisdictions from the CRS Regulations and to replace them with a power to list Participating Jurisdictions by direction? If not, please explain your reasons.

Question 20 – Are there aspects of the anti-avoidance rule which could be improved in order to give greater certainty to businesses, while remaining consistent with OECD expectations? If so, please provide practical examples.

Question 21 – Is there any further guidance that would provide specific clarity or certainty in respect of the CARF and amended CRS? If so, please provide specific details.