

By PwC Deutschland | 14 January 2025

Service providers to report crypto-asset transactions as of 2026

To adopt the EU requirements on automatic exchange of information under Directive for Administration Cooperation (DAC) to extend to the reporting by crypto-asset service providers on transactions (transfer or exchange) of crypto-assets, the Federal Ministry of Finance (MoF) published a draft bill for a DAC8 Implementation Act (DAC8-draft) on 4 November 2024 which is to come into force on 1 January 2026.

Background

Council directive amending directive 2011/16/EU on administrative cooperation in the field of taxation (DAC8): The key objectives of this legislative proposal are to extend the scope of automatic exchange of information under DAC to information that will have to be reported by crypto-asset service providers on transactions (transfer or exchange) of crypto-assets and e-money. Expanding administrative cooperation to this new area is aimed at helping member states to address the challenges posed by the digitalization of the economy. The provisions of DAC8 on due diligence procedures, reporting requirements and other rules applicable to reporting crypto-asset service providers will reflect the Crypto-Asset Reporting Framework (CARF) and a set of amendments to the Common Reporting Standard (CRS), which were prepared by the OECD under the mandate of the G20. The G20 has endorsed the CARF and the amendments to CRS, both of which it considers to be integral additions to the global standards for automatic exchange of information.

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What preparatory steps could be taken already at this stage?

- First, companies should check whether they fall within the scope of the legislation which provides that due diligence and reporting obligations apply to “reporting providers”. For these requirements to be met companies must either be considered a provider of crypto services in accordance with Section 4 para. 1 DAC8-draft or a crypto asset operator in accordance with Section 4 para. 2 DAC8-draft. The technical requirements should be met at an early stage to ensure that the required user data is recorded and then transmitted to the competent national authority (here: the Federal Central Tax Office) in good time. Failure to do so may result in the imposition of a fine on the reporting provider.
- The existing technical infrastructure should therefore be reviewed and, if necessary, adapted to ensure efficient data collection and transmission.
- It is also worth updating the internal control and process regulations.

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Keywords

crypto transfer, reporting obligation