Client Information

Crypto-Asset Reporting Framework (CARF) – Information for clients with a banking relationship in Switzerland

A global regulation known as CARF has been introduced by the Organization for Economic Co-operation and Development (OECD) to help increase tax transparency and provide tax authorities with information on Relevant Crypto-Asset transactions, similar to the Automatic Exchange of Information (AEI) framework under the Common Reporting Standard (CRS).

This document provides an overview of CARF and its implications for clients who have a banking relationship with UBS Switzerland AG (UBS). It explains how CARF works, UBS's responsibilities and what actions clients need to take. If you have concerns about your tax obligations, please consult your legal or tax advisor. UBS does not provide legal or tax advice.

Although CARF is not expected to enter into force in Switzerland until 1 January 2027, UBS has already updated its documentation accordingly to ensure that clients will not need to recertify their status after the effective date.

How does CARF work?

As a Reporting Crypto-Asset Service Provider (RCASP, see below), UBS must identify all its Users, i.e. clients[1] that undertake transactions with Relevant Crypto-Assets (see below) and determine whether they are a Reportable Person and/or have one or more Controlling Persons[2] who are Reportable Persons, based on a self-certification that the User has provided.

To prevent undocumented Users from carrying out transactions with Relevant Crypto-Assets, UBS is required to block them from performing any transactions with such assets on its systems once CARF enters into force.

With respect to all in-scope Users, UBS will be required to report annually to the Federal Tax Administration (FTA), starting with the calendar year in which CARF enters into force, certain personal information and information about their transactions with Relevant Crypto-Assets.

The FTA then exchanges the information received from UBS with the tax authorities of the clients' jurisdiction of tax residence.

How is UBS impacted by CARF?

While its offerings are centered around traditional financial products and assets, UBS also offers certain types of Relevant Crypto-Assets (see below). As such, UBS qualifies as an RCASP under CARF and is committed to full compliance with its CARF obligations in accordance with the Swiss AEOI Act, which is the legal basis for implementing CARF in Switzerland.

What is a Relevant Crypto-Asset?

A Relevant Crypto-Asset is typically a digital representation of value that relies on a cryptographically secured distributed ledger (e.g., blockchain) to validate and secure transactions. Relevant Crypto-Assets include, for example, cryptocurrencies, stablecoins and certain tokenized assets.

What is the timeline for CARF implementation in Switzerland?

Over 60 countries worldwide have committed to implement CARF in 2026 or 2027, with the first information exchange scheduled for 2027 or 2028.

It is expected that CARF will be implemented in Switzerland as of 1 January 2027 and Switzerland will first exchange data in 2028.

[1] If UBS's contracting party is a natural person or an entity that is not a financial institution or an RCASP, and is carrying out transactions with Relevant Crypto-Assets in a fiduciary capacity on behalf of a third party or beneficial owner, such third party or beneficial owner is deemed the User for CARF purposes (rather than the contracting party).

[2] The term "Controlling Person" means any natural person identified as beneficial owner on Form A, K, S and/or T.

How is CARF different from AEI?

While CARF is built on AEI and thus there are many commonalities between the two, there are also some key differences:

- **Implementation date**: In Switzerland, AEI was implemented as of 1 January 2017[3]. CARF is expected to be implemented as of 1 January 2027.
- **Client scope:** AEI generally impacts all clients of UBS who hold a financial account. CARF primarily impacts clients holding or trading Relevant Crypto-Assets.
- **Controlling Persons:** The scope of entities that need to disclose their Controlling Persons is wider under CARF than under AEI. Whether Controlling Persons need to be disclosed is indicated on the entity self-certifications.
- **Reporting:** AEI requires reporting of the account balance and income/payments made to the client's account. CARF requires reporting of transactions (acquisitions, sales and transfers) with Relevant Crypto-Assets. Relevant Crypto-Assets held in the client's account may be reported under both regimes.
- **Reportable Jurisdictions:** The scope of Reportable Jurisdictions will differ as other jurisdictions move to implement CARF.

Who is a Reportable Person?

In general, a Reportable Person is a natural person or an entity resident in a Reportable Jurisdiction, i.e. a jurisdiction with which Switzerland agrees to exchange CARF information. Details of Reportable Jurisdictions under CARF in Switzerland will be listed on www.ubs.com/aei-ch as and when these details are published by the FTA.

However, entities qualifying as Excluded Persons (see "How can entities be classified for CARF?") are not Reportable Persons, regardless of their jurisdiction of tax residence.

What are the CARF documentation requirements?

Due to the similarities between AEI and CARF, and to avoid requiring clients to recertify their status after the CARF effective date, UBS has already streamlined its client documentation process for AEI and CARF. Every client who needs to provide AEI documentation (e.g., upon account opening or following a change in circumstances), must therefore complete a self-certification that covers both AEI and CARF. In particular, the client must confirm on the self-certification all tax residence(s), Taxpayer Identification Number(s) (TIN)[4] and, in the case of an entity client, their AEI and CARF classification.

Please note that in the case of an entity User qualifying as Other Entity (see "How can entities be classified for CARF?"), a self-certification is also required for each Controlling Person. The entity self-certification will indicate if this is required.

How can entities be classified for CARF?

Entities can be classified as:

- **Excluded Persons**, i.e. publicly traded corporations, entities that are related to publicly traded corporations, governmental entities, international organizations, central banks and financial institutions other than professionally managed investment entities.
- **Active Entities**, i.e. entities qualifying as active by reason of income and assets, holding companies, treasury centers, start-ups, entities in liquidation and non-profit entities.
- **Other Entities**, i.e. entities that are not Excluded Persons or Active Entities.

What information will UBS report to the FTA?

When the User and/or Controlling Person(s) are Reportable Persons the reportable information includes:

- Personal information about the User and, if applicable, their reportable Controlling Persons (e.g., name, address, jurisdiction of tax residence, date of birth, TIN);
- Information about the User's transactions with Relevant Crypto-Assets such as the name of the Relevant Crypto-Asset, transaction type, amount or value, number of transactions and the number of Relevant Crypto-Asset units affected; and
- The name and identification number of UBS.

For what purpose will this information be used?

The information exchanged must be treated as confidential and may only be made available to the tax authorities of the jurisdiction(s) where the User and/or Controlling Person(s) are tax residents, and solely for tax purposes. In principle and within the statutory framework, it is prohibited for your jurisdiction(s) of tax residence to forward this information to another jurisdiction or to make it available to a person or authority that is not responsible for handling or supervising taxation.

Want to know more?

You can learn more about CARF at www.ubs.com/aei-ch.

[3] For further information on AEI please go to www.ubs.com/aei-ch.

[4] A TIN is a unique combination of letters and/or numbers assigned by a jurisdiction to an individual or an entity and used to identify the individual or entity for the purpose of administering the tax laws of such jurisdiction. In the absence of a TIN, a functional equivalent may be used in your jurisdiction for tax purposes.