

Ref #: 776733

Submission File

3 October 2025

South African Revenue Service

Per email: ACollins@sars.gov.za

Dear Adelle,

SAICA COMMENTS ON THE DRAFT REGULATIONS ON THE CRYPTO-ASSET REPORTING FRAMEWORK AND REVISED COMMON REPORTING STANDARD

The National Tax Committee, on behalf of the South African Institute of Chartered Accountants (SAICA), welcomes the opportunity to make a submission to the South African Revenue Service (SARS) on the draft regulations dealing with the Crypto-Asset Reporting Framework (CARF) and the Common Reporting Standard (CRS).

Please do not hesitate to contact us should you have any queries in relation to our submission.

Yours sincerely,

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SAICA fully endorses the significance of increased tax transparency and applauds SARS' endeavours to accomplish this. Following our review of the above-mentioned draft regulations, we do, however, note instances where further clarity may be required or where the proposed plan of action may require revision so as to ensure more efficient and effective achievement of the desired outcomes from a practical perspective.

Per transaction valuation

1. The draft regulations require foreign currency denominated crypto-assets to be reported in ZAR “at the time of each relevant transaction” (i.e., real-time reporting). While this may be feasible for platforms that do not process large volumes of transactions, there is a concern that this may not be practically feasible for platforms that process large volumes of transactions.
2. Price volatility and potential discrepancies between market data feeds pose significant challenges for real-time reporting by platforms that process large volumes of transactions. Requiring real-time reporting by such platforms will undoubtedly significantly increase the operational burdens for such platforms.
3. **Submission:** It is therefore submitted that consideration be taken for a more practically feasible means of valuing these assets, with the request being that clarity be provided on alternative and acceptable valuation methodologies in such instances. Consideration could be given to allowing the application of a consistent, documented daily valuation method (such as a daily closing price sourced from a reputable market data aggregator).

Providing hard copy records for electronic transactions

4. According to the CARF regulations, a reporting crypto-asset service provider must, upon request, be able to provide a “hard copy of all self-certifications provided electronically”.
5. This requirement, however, fails to consider the digital nature of this environment as well as the fact that such records can easily be provided digitally.
6. **Submission:** Given the digital nature of the crypto environment, we request that any and all requests for evidence verification be electronic – this will ensure that regulators are able to conduct any verification processes they deem necessary without imposing any impractical printing requirements on service providers.

12-month remediation period

7. The draft regulations give service providers a 12-month window to secure legitimate self-certifications for pre-existing users.
8. While institutions with small or smaller user bases may be able to complete this exercise in a 12-month period, service providers with larger user bases are faced with a significant logistical challenge.

9. Further to the above, the mandatory suspend or terminate rule may lead to the unintended suspension of accounts belonging to either compliant but unresponsive users or users the service provider was unable to initiate contact with within the allocated time period.

10. Submission: We therefore request that the 12-month remediation period for pre-existing users be substituted with a 24-month period. This will provide service providers ample time to obtain the required self-certifications while also ensuring alignment with the CRS 2-year remediation period for obtaining tax reference numbers and dates of birth for pre-existing customers.

The definition of “branch”

11. The CARF regulation defines a “branch” in a manner that is more aligned to the traditional bricks and mortar physical location.

12. The proposed definition, however, fails to consider modern, decentralised business models that cater to remote workers. It is therefore unclear how and whether this definition would apply in such instances.

13. Submission: Clarity is requested with regard to how the proposed “branch” definition would apply to decentralised business models. Guidance is specifically required on whether or not a collection of employees working remotely in South Africa (with there being no centralised physical office) would constitute a “branch” for purposes of the regulation.

Implementation teething problems

14. Both the draft CARF and revised CRS regulations represent a paradigm shift within the South African crypto-asset industry. We recognise the need for increased transparency, but we also need to note that compliance will require investments in technology and adjustments to current processes.
15. Given the high volatility of the crypto environment regarding fraud and abuse, it is crucial to ensure the efficient and effective implementation of technological and process changes.
16. Further to the above, once the regulations come into effect, everyone in the crypto-asset industry will be first time adopters. As such, the risk of inadvertent, good-faith errors is high within the first reporting cycle.

17. Submission: Given the importance of ensuring functional and robust systems and processes, it is requested that service providers be given a 12 to 18-month period within which to make the necessary changes. This will also give SARS sufficient time to ensure that its own systems and processes are efficient, effective, and robust.

18. Submission: We also request that SARS consider its enforcement approach for the first reporting cycle. We believe that a collaborative approach, which takes into account the reversal of penalties for instances of unwillful non-compliance, could yield benefits. This will give first time adopters an opportunity to remedy unintentional errors while fostering a co-operative environment of more effective long-term compliance.

19. A phased roll-out of this regime could also be considered.