

# Newsletter/BCM

Draft Bill for the DAC8 Implementation Act

January 2025

## Urgent Need for Action: Reporting Obligations for Crypto Asset Transactions Starting January 1, 2026

As part of a further amendment to Council Directive 2011/16/EU on administrative cooperation in the field of taxation (“DAC8”), binding regulations on cross-border information exchange for crypto asset transactions were established following the agreement of the EU finance ministers, thereby implementing the results of the OECD negotiations in this area (Crypto-Asset Reporting Framework (CARF)) into binding EU law. To implement the EU requirements, the Federal Ministry of Finance (BMF) published a draft bill for a DAC8 Implementation Act (DAC8-UmsG) on November 4, 2024. This law is set to come into force on January 1, 2026.

## Background DAC8 Implementation Act

The regulation of the crypto sector is gaining momentum across Europe following the agreement on Regulation (EU) 2023/1114 on markets for crypto assets dated May 31, 2023 (MiCAR) and the agreement on DAC8 (Council Directive 2023/2226 of October 17, 2023, amending Council Directive 2011/16/EU on administrative cooperation in the field of taxation), leading to stronger regulation of the crypto sector in Germany. While the MiCAR regulations are directly applicable, the legislator must implement DAC8 into national law. The draft bill of November 4, 2024, for the DAC8-UmsG aims to implement the EU Directive by January 1, 2026. The core of the DAC8-UmsG consists of the draft of a Crypto Asset Tax Transparency Act – Kryptowerte-Steuertransparenzgesetz (KStTG). The law includes requirements for due diligence and reporting obligations for reporting providers of crypto asset services and a catalog of fines for violations. Additionally, the DAC8-UmsG includes amendments to the Financial Account Information Exchange Act, supplementing the already existing Common Reporting Standard (CRS).

## Need for Action

Even though there is currently only a draft bill for the DAC8-UmsG and the adoption of the law is not yet foreseeable, companies that offer crypto services or plan to do so in the near future and are covered by the scope of the law should already check whether there is a need for action. It is important in this context that the technical prerequisites should be created early on to comply with the legal obligations. The law is set to come into force on January 1, 2026. The due diligence and reporting obligations must be observed for the first time for the reporting period corresponding to the calendar year 2026, according to the draft rule Section 26 DAC8-UmsG. From our perspective, the following points should initially be checked or considered:

1. First, companies should check whether they fall within the legal scope. The law stipulates that due diligence and reporting obligations apply to reporting providers. To meet the requirements as a “reporting provider,” companies must either be considered providers of crypto services according to draft rule Section 4 para. 1 DAC8-UmsG or operators of crypto assets according to draft rule Section 4 para. 2 DAC8-UmsG. The technical prerequisites should be created early on to capture the data of users required by DAC8-UmsG and subsequently transmit it to the competent national authority, the Federal Central Tax Office (BZSt), according to the specified timelines. It should be noted that violations of the due diligence and reporting obligations may result in the imposition of a fine on the reporting provider according to the draft rule Section 23 ff. DAC8-UmsG.
2. Therefore, the existing technical infrastructure should be reviewed and, if necessary, adjusted for efficient data collection and transmission.
3. It is also advisable to update internal control and process regulations.

We will closely monitor the further legislative process. If you have any comments or questions regarding the DAC-8 UmsG, please do not hesitate to contact us. After the legislative process is completed, we will be happy to assist you in implementing the legal requirements.

About us

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