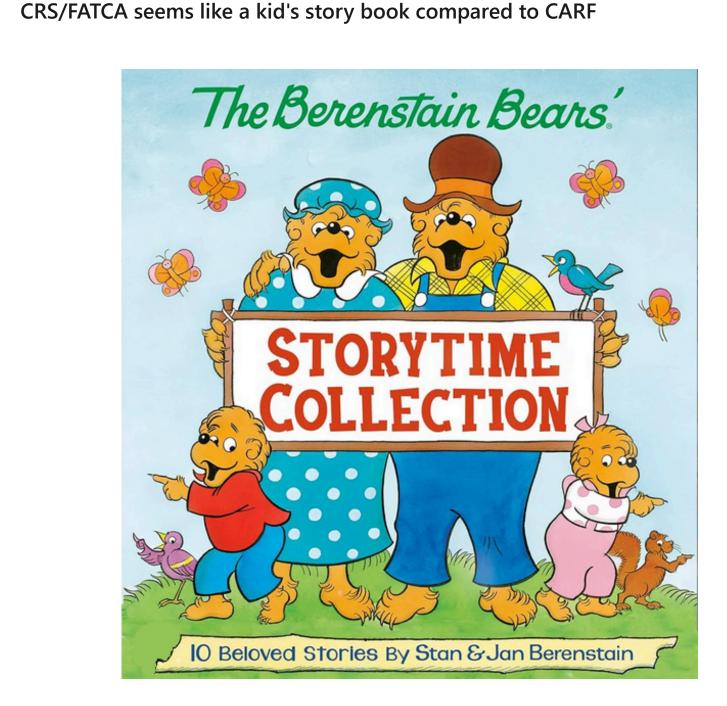


A brief article on an amateur ignoramus trying to set up their own structure to avoid CARF

The Crypto Asset Reporting Framework is extremely complex and nuanced, and makes me a CRS expert have to studiously examine its differences to existing AEOI regimes.

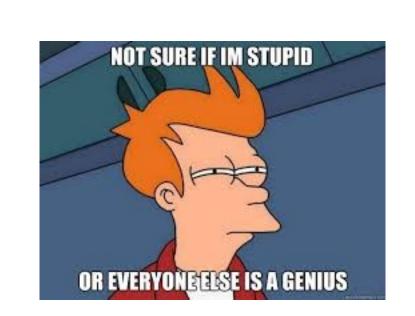
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The hilarious part



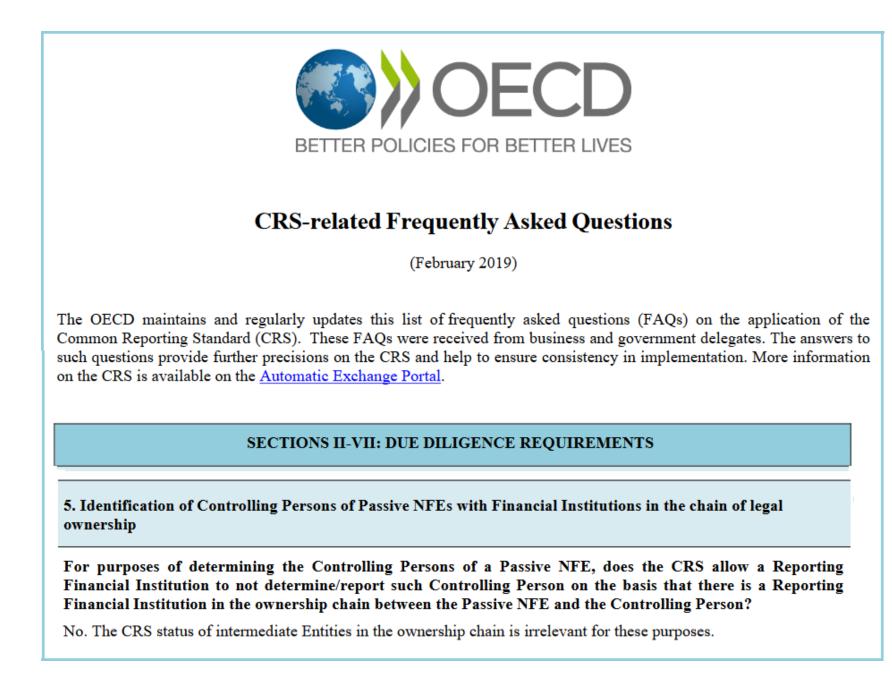
A business associate tells me a contact's recent communication regarding someone wanting to set up his own structure... ("and its cheap")



"So I'm in touch with this guy who said he doesn't mind paying a few thousand to set up a structure for crypto reporting. He is thinking about forming up a Seychelles Foundation (it being the UBO, like an orphan structure), with a underlying IBC in somewhere like Belize"



- 1. "This guy" has no clue that CARF, treats PMIEs as Passive NFE's
- Thus Foundations are either Passive NFEs, or deemed Passive NFEs if its a PMIE
 The foundation, no matter what its classification, is not an excluded reportable person i.e. the Crypto Asset Service Provider (e.g. crypto exchange) will look through the foundation and treat it as a Passive NFE



- Regarding the Belize IBC, no matter its classification (FI or Passive NFE) the reporting FI (eg exchange) will look for the Controlling Persons of the Belize IBC
- The reporting FI will investigate the Controlling Persons of the Belize IBC, and look through all parent entities in the legal chain of ownership of the Belize IBC.
- A foundation's Controlling Persons includes the settlor/founder even if the beneficiaries are unnamed, e.g. class of persons, such as future children.
- When distributions eventually made, those receiving the distributions will be regarded as reportable Controlling Persons (i.e. beneficiaries)

