Council of the European Union

Brussels, 27 February 2025
(OR. en)

6609/25

Interinstitutional File:
2025/0039(COD)

SIMPL 3
ANTICI 5
ECOFIN 219
EF 45
DRS 10
COMPET 96
FIN 249
COH 10
CODEC 180

PROPOSAL

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	27 February 2025
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2025) 87 final
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism

Delegations will find attached document COM(2025) 87 final.

Encl.: COM(2025) 87 final

EUROPEAN
COMMISSION

Brussels, 26.2.2025
COM(2025) 87 final

2025/0039 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism

(Text with EEA relevance)

{SWD(2025) 58 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

In his report on 'The Future of European Competitiveness', Mario Draghi emphasised the need for Europe to create a regulatory landscape which facilitates competitiveness and resilience[1]. In the Budapest Declaration on the New European Competitiveness Deal, EU Heads of State and Government called for 'a simplification revolution, ensuring a clear, simple and smart regulatory framework for businesses and drastically reducing administrative, regulatory and reporting burdens, in particular for SMEs'[2]. Multiple companies and stakeholders have voiced their concerns about the administrative burden resulting from a number of EU acts, including Regulation (EU) 2023/956 establishing a Carbon Border Adjustment Mechanism ('CBAM Regulation')[3].

In its Communication on the Competitive Compass for the EU, the Commission confirmed that it would deliver an unprecedented simplification effort to achieve the agreed policy objectives in the simplest, most targeted, most effective and least burdensome way. In its Communication entitled 'A simpler and faster Europe: Communication on implementation and simplification', the Commission set out an implementation and simplification agenda that delivers fast and visible improvements for people and business on the ground, requiring more than an incremental approach and underlining the need for bold action to streamline and simplify EU, national and regional rules[4].

Administrative requirements, including reporting requirements, play a key role in ensuring correct enforcement and proper monitoring of legislation. Generally, their costs are largely offset by the benefits they bring. However, reporting requirements can also impose disproportionate burdens on stakeholders, particularly affecting small and medium-sized enterprises and micro-companies.

This proposal will deliver simplifications and cost-efficient improvements to the CBAM Regulation without affecting the achievement of objectives in this policy area. The proposed measures will not undermine the environmental objective of CBAM, rather the measures will enable a more efficient CBAM while the key design principles of the mechanism will remain unchanged.

The proposal will make it easier for importers of goods into the Union to comply with CBAM reporting obligations by simplifying some of those CBAM reporting requirements which rely on complex calculations and data collection processes which would hamper the CBAM's effective implementation.

In addition, the proposal will strengthen the monitoring and supervision of CBAM. It will increase the ability of the Commission to process data and exchange relevant information with national authorities to ensure that the utility of the information reported by stakeholders is

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1 "The future of European competitiveness", September 2024.

2 Budapest Declaration on the New European Competitiveness Deal, 8 November 2024.

3 Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (OJ L 130, 16.5.2023, p. 52, ELI: http://data.europa.eu/eli/reg/2023/956/oj).

4 Reference to be added when published

maximised. It will also enable the Commission to better detect risks and the national competent authorities to be better equipped to take appropriate actions where needed

Finally, simplifying the mechanism will also be a key enabler for a potential future scope extension. In the second half of 2025, the Commission will present a comprehensive CBAM review report as provided in Article 30 of the CBAM regulation, which will pave the way for a potential extension of the CBAM scope.

- **Consistency with existing policy provisions in the policy area**

This proposal is part of a package of measures aiming at simplifying reporting requirements, by looking comprehensively at existing requirements, with a view to assess their continued relevance and to make them more efficient. It builds on existing rules from the CBAM Regulation, Commission Implementing Regulation (EU) 2023/1773 of 17 August 2023 laying down the reporting obligations for the transitional period[5] and Commission Implementing Regulation (EU) 2024/3210 of 18 December 2024 laying down rules for the CBAM registry[6].

- **Consistency with other Union policies**

The proposal is consistent with the objectives of the better regulation agenda, as it will strengthen the Commission's ability to carry out its general supervision of CBAM, while avoiding the costs (both for the Commission and the entities providing the information) that would otherwise be incurred in collecting the information through other means.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The proposal amends an existing regulation. Therefore, the legal basis for the proposal is the same as the legal basis of the amended Regulation, namely Article 192(1) of the Treaty on the Functioning of the European Union ('TFEU') in the area of environment protection.

In accordance with Articles 191 and 192(1) of TFEU, the Union shall contribute to the pursuit, inter alia, of the following objectives: preserving, protecting and improving the quality of the environment, promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.

- **Subsidiarity (for non-exclusive competence)**

The CBAM Regulation created a common uniform framework ensuring an equivalence between the carbon pricing policy applied in the EU's internal market and the carbon pricing policy applied on imports.

The simplifications to that regulation envisaged by this proposal will further enhance legal certainty and rationalise the reporting requirements.

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[5] Commission Implementing Regulation (EU) 2023/1773 of 17 August 2023 laying down the rules for the application of Regulation (EU) 2023/956 of the European Parliament and of the Council as regards reporting obligations for the purposes of the carbon border adjustment mechanism during the transitional period (OJ L 228, 15.9.2023, p. 94, ELI: http://data.europa.eu/eli/reg_impl/2023/1773/oj).

[6] Commission Implementing Regulation (EU) 2024/3210 of 18 December 2024 laying down rules for the application of Regulation (EU) 2023/956 of the European Parliament and of the Council as regards the CBAM registry (OJ 30.12.2024, ELI: http://data.europa.eu/eli/reg_impl/2024/3210/oj).

- **Proportionality**

The simplification of administrative requirements, including reporting requirements, simplifies the legal framework by introducing changes to existing requirements that do not affect the substance of the policy objectives. The proposal is therefore limited to those changes that are necessary to decrease the compliance burden and to ensure compliance in a more efficient manner without changing the substance of the legislation concerned.

The proposal is consistent with the principle of proportionality as it does not go beyond what is necessary to meet the objectives of the Treaties. The proportionality of the proposal has a number of important aspects.

Firstly, it is recognised that it is challenging for importers to deal with the CBAM reporting requirements while at the same time Member States' competent authorities must carry out important supervision tasks. This will be mitigated by introducing a threshold to exempt from CBAM obligations certain importers.

Secondly, for importers within the CBAM scope, the proposal contains changes to the reporting requirements, targeting those which are necessary to decrease the compliance burden and ensure compliance in a more efficient manner.

- **Choice of the instrument**

The proposal requires amending the CBAM Regulation. It lays down the specific rules necessary for the simplified application of certain provisions of the CBAM Regulation, where the goals pursued cannot be reached through the adoption of implementing measures as they require amending basic provisions of the CBAM Regulation. This concerns the *de minimis* derogation, the reporting obligations, the calculation of embedded emissions and the calculation of the financial adjustment.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

The proposal relies on the experience gained in implementing the CBAM Regulation since the mechanism started to apply in its transitional phase on 1 October 2023.

- **Stakeholder consultations**

Since the CBAM started to apply in its transitional phase on 1 October 2023, the Commission Services have continuously been consulting stakeholders in the Union and in third countries relevant for CBAM via multiple communication channels. In 2023, the Commission Services renewed the mandate of the expert group on CBAM[7] whose mission is to assist the Commission services in the development and implementation of the CBAM, harness technical expertise and bring exchanges of experience and good practices in CBAM implementation.

In 2023, the Commission Services also launched a broad communication campaign to raise awareness about CBAM including in third countries, explain the rules and provide useful advice in how CBAM could be implemented by the relevant stakeholders (such as importers, third

[7] https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&groupID=3927

country producers, national authorities). This communication campaign relied on publicly available live webinars in several EU languages. Useful materials have been provided on the CBAM-dedicated webpage[8]: targeted e-learning materials, Q&A, guidance (also translated to non-EU official languages).

The Commission was also in regular contact with national competent authorities for CBAM, to discuss various issues concerning implementation of CBAM, with a view to improve its functioning and effectiveness.

On 6 February 2025, the Commission hosted a high-level consultation day with key stakeholders to test the main ideas of the legislative package on simplification on targeted policies, including the CBAM, and to collect input and feedback ahead of its adoption on 26 February 2025.

Based on these actions and repeated public meetings with relevant business representatives from the Union and third countries, the Commission Services have collected sufficient feedback from stakeholders to adopt the best measures to achieve the objective of the proposal: simplify the complex reporting rules to reduce the compliance burden and ensure CBAM is efficiently rolled out while preserving its environmental objective and climate objective.

- **Collection and use of expertise**

The proposal has been elaborated following a process of internal scrutiny of existing reporting obligations and is based on experience in implementing the related legislation, including the data collected through the quarterly CBAM report submitted by declarants. Since this is a step in the process of continuous assessment of reporting requirements in Union legislations, the scrutiny of such burdens and of their impact on stakeholders will continue in the future.

- **Impact assessment**

The proposal concerns targeted changes of the CBAM Regulation to simplify some of its requirements, including reporting. The main measures are based on experience in implementing this Regulation and abovementioned related implementing acts. The proposed targeted changes ensure a more efficient and effective implementation of the existing mechanism.

This proposal is accompanied by an analytical document, the Commission Staff Working Document (SWD) "Towards a simpler and more effective Carbon Border Adjustment Mechanism"[9]. The analytical document builds on and further complements the analysis carried out in the original impact assessment conducted in 2021.

- **Regulatory fitness and simplification**

In the 2021 impact assessment accompanying the CBAM legislative proposal[10], the Commission concluded that, since CBAM is initially applied to imports of selected basic materials and their products, large businesses would be the primary ones affected, but that in practice the CBAM would result in relatively higher compliance costs for small and medium-sized enterprises (SMEs) compared to large enterprises in scope of CBAM, e.g. those importing CBAM goods above the derogation.

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8 https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en

9 XXX.

10 SWD(2021) 643 final.

Based on the experience in implementing CBAM in its transitional phase, and on the assessment of stakeholders' feedback since 1 October 2023, it has become clear that CBAM requires two types of main simplifications: a broader derogation from CBAM requirements of importers of very small quantities of CBAM goods, and a set of simplifications for the rest of the importers of CBAM goods to facilitate their compliance with the administrative requirements.

The proposed simplification is expected to exempt around 90% of importers from CBAM obligations, while maintaining more than 99% of embedded emissions in scope of CBAM, thereby safeguarding the environmental nature of the mechanism.

- **Fundamental rights**

The proposal respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the Union. In particular, it contributes to the objective of a high level of environmental protection in accordance with the principle of sustainable development as laid down in Article 37 of the Charter.

4. BUDGETARY IMPLICATIONS

This proposal will have implications for the EU budget. Its impact is assessed in the legislative financial and digital statement accompanying this proposal.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

As the proposal amends the CBAM Regulation, it does not have additional implementation plans and monitoring, evaluation and reporting arrangements beyond the existing ones under the said Regulation.

It is however important to recall that the Commission will continue ensuring that arrangements are in place to monitor and evaluate the functioning of the CBAM, including its enforcement against circumvention practices, and evaluate it against the main policy objectives. Given that the CBAM is one of the policy proposals under the 'Fit for 55 Package' adopted by the Commission in July 2021[11], monitoring and evaluation will be carried out in alignment with the other policies of the package.

The Commission will monitor how CBAM is implemented to feed into its analysis and will regularly report to the European Parliament and to the Council on the application of the CBAM Regulation. As part of that reporting, the Commission will propose possible changes to improve its functioning, collect the necessary information for a potential further extension of the scope of CBAM, including on other goods that could be at risk of carbon leakage, such as downstream products. Those reports should also contain an assessment of the impact of the CBAM on carbon leakage, including in relation to exports, and its economic, environmental, social and territorial impact throughout the Union.

- **Detailed explanation of the specific provisions of the proposal**

The proposal contains two types of simplifications.

First, importers of small quantities of CBAM goods, which represent very small quantities of embedded emissions imported into the Union and in most cases correspond to SMEs and

[11] COM(2020) 690 final.

individuals, will be exempt from CBAM obligations. For those importers, the administrative burden resulting from compliance with CBAM obligations significantly outweighs the environmental and regulatory benefit. This is due to the combination of (i) the insignificant share of embedded emissions in all their CBAM goods imported into the Union and (ii) the inability of national authorities to enforce the rules due to the large numbers of importers of small quantities of CBAM goods.

Second, the proposal contains a set of simplifications for importers of CBAM goods above the threshold to facilitate their compliance with the reporting requirements. In particular, the proposal simplifies and streamlines the authorisation procedure for national competent authorities and the Commission, the data collection processes from third country producers to authorised CBAM declarants, the calculation of embedded emissions for certain goods, the emission verification rules, the calculation of the authorised CBAM declarants' financial liability during the year of imports into the EU and the claim by authorised CBAM declarants for carbon prices paid in third countries where goods are produced.

Article 1(1) amends the derogation from the CBAM obligations by introducing a new mass threshold as laid out in a new Annex VII to the CBAM Regulation, to exclude importers of very small quantities of goods.

Article 1(2) amends the definitions of importer and operator to facilitate reporting requirements.

Articles 1(3) and 1(4), point (b), draw the consequences of the new threshold on the rules related to the authorisation that importers must be granted to import goods above that threshold, and provide for the possibility for authorised CBAM declarants, which remain legally responsible of their CBAM obligations, to technically delegate in the CBAM Registry the reporting requirements to third parties to facilitate compliance.

Articles 1(4)(a) changes the annual deadline for submitting the annual CBAM declaration.

Article 1(4)(c) introduces the possibility for authorised CBAM declarants to claim a carbon price paid in a third country other than the country of origin.

Articles 1(4), point (d), and 1(6) amend the rules on emission verification so that the obligation to verify embedded emissions only applies to actual values.

Article 1(5) amends the calculation of embedded emissions in the case of relevant input materials (precursors).

Article 1(7) introduces the possibility for authorised CBAM declarants to use default carbon prices calculated and made available by the Commission and claim carbon prices paid in third countries other than the country of origin of the goods.

Article 1(8) facilitates reporting obligations by introducing several changes to the portal established pursuant to Article 10 to register operators and installations in third countries.

Article 1(9) creates the registration of accredited verifiers so they can access the CBAM registry and carry out certain relevant tasks to facilitate reporting obligations.

Article 1(10) strengthens the empowerment Member States give to their national competent authority to carry out the CBAM-related duties and responsibilities.

Articles 1(11) and 1(13) draw the consequences of the changes introduced by this proposal on the requirements applying on the CBAM registry, risk analysis and monitoring.

Article 1(12) streamlines the consultation of other competent authorities and the Commission to reduce excessive administrative burden.

Article 1(14) sets the start date of the sales of CBAM certificates to February 2027 to address significant uncertainties related to the year 2026, which is the first year of the post-transitional period, and streamlines the information exchanges between the CBAM registry and the common central platform.

Articles 1(15) and 1(18) draw the consequences of the move of certificate sales to 2027 on the determination of the financial adjustment for the year 2026.

Article 1(16) simplifies the calculation as from 2027 by authorised CBAM declarants of their expected financial liability during the year of imports.

Article 1(17) modifies the repurchase limit to facilitate the way authorised CBAM declarant may manage their CBAM financial liability and draws the consequence of the change of the CBAM declaration submission annual deadline.

Articles 1(19) modifies the scope of information exchanged with customs authorities, the competent authorities and the Commission to reflect the introduction of the derogation.

Articles 1(20) and 1(22) introduce the rules and information exchanges on the monitoring of the derogation.

Article 1(21) introduces the possibility for competent authorities to modulate the penalty based on relevant facts and circumstances and draws the consequences of the new derogation.

Article 1(23) amends the empowerments given to the Commission by the co-legislators to adopt delegated acts in light of the simplifications made by this proposal.

Article 1(24) complements the reporting by the Commission to the co-legislators with the application of the derogation as amended by this proposal.

Article 1(25) amends the list of CBAM goods to exclude non-calcined kaolinic clays.

Article 1(26) adds electricity to the list of CBAM goods for which only direct emissions are to be taken into account in the calculation of the embedded emissions.

Article 1(27) amends Annex IV to Regulation (EU) 2023/956 to exclude input materials which have been subject to the EU ETS or to a carbon pricing system that is fully linked with the EU ETS.

Article 1(28) introduces a new Annex VII to set the threshold referred to in Article 1(1) point (b).

Finally, the Annexes contain several simplifications of embedded emission calculation to facilitate reporting obligations, for instance in the case of default values or precursors produced in the EU.

2025/0039 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[12],

Having regard to the opinion of the Committee of the Regions[13],

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) During the transitional period, which started on 1 October 2023, the Commission has been collecting data and information on the implementation of the Carbon Border Adjustment Mechanism ('CBAM') as provided for in Regulation (EU) 2023/956 of the European Parliament and of the Council[14], including through the analysis of quarterly reports submitted by reporting declarants. The information collected and the exchanges with the stakeholders, including as part of the expert group on the CBAM, have outlined possibilities for simplifications and improvement of the CBAM. The Union is committed to ensure a smooth roll-out of the CBAM during the post-transitional period starting on 1 January 2026.

(2) Based on the experience acquired and data collected during the transitional period, the distribution of importers of CBAM goods into the Union shows that only a small proportion of importers accounts for the vast majority of embedded emissions in those goods. The derogation applied to the importation of goods of negligible value referred to in Article 23 of Regulation (EC) No 1186/2009 (consignments of a value below EUR 150) appears insufficient to ensure that the CBAM applies to importers in proportion to their impact on emissions covered by Regulation (EU) 2023/956. For those importers of small quantities of goods, compliance with CBAM reporting and financial obligations could be unduly burdensome. Furthermore, as part of the 2023 Customs reform package,

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12 OJ C , , p. .

13 OJ C , , p. .

14 Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (OJ L 130, 16.5.2023, p. 52, ELI: http://data.europa.eu/eli/reg/2023/956/oj).

the Commission proposed to remove this derogation[15]. Therefore, a new derogation should be introduced to exempt importers of small quantities in terms of mass of CBAM goods from CBAM obligations, while preserving the environmental objective of that mechanism and its capacity to achieve its climate objective.

(3) A new threshold based on cumulative mass per importer per year should be introduced in Regulation (EU) 2023/956, ensuring that more than 99% of emissions are maintained in scope. This is a robust and targeted approach as it accurately reflects the environmental nature of the CBAM by taking into account all imported emissions over a period of time in determining the threshold. It also eliminates the risk of circumvention through the artificial splitting of consignments by a single importer.

(4) A mass-based threshold reflecting the average emissions intensity of the volume of imported CBAM goods would better translate the climate objective of the CBAM. A single mass-based threshold applying cumulatively to all CBAM goods in the iron and steel, aluminium, fertilisers and cement sectors imported by importers during a calendar year is the simplest design for importers, as they will not have to obtain or provide any data additional to those provided in the customs declaration, thereby reducing substantially any CBAM-related administrative burden for these importers. A threshold set at a level of 50 tonnes will exempt the vast majority of importers from obligations under Regulation (EU) 2023/956 while maintaining more than 99% of embedded emissions in the scope of the CBAM. To establish the threshold, a new Annex VII should be introduced.

(5) The main principles governing the threshold, including ensuring that nearly all embedded emissions remain in the scope of the CBAM, should be laid down in Regulation (EU) 2023/956 to provide legal certainty. Regulation (EU) 2023/956 should also provide for the possibility to re-calculate the threshold on the basis of updated average emission intensities of imported goods or significant changes in trade patterns or practices of circumvention affecting the coverage of embedded emissions in the scope of the CBAM.

(6) To ensure that the derogation is sufficiently targeted, it should apply to the importer. The indirect customs representative, due to the nature of its activity and the related obligations under Regulation (EU) 2023/956, should always be required to obtain an authorisation.

(7) The competent authorities and the Commission should – based on customs information – monitor the quantities of goods imported to assess compliance with the threshold. To allow the competent authorities to make an informed decision, the customs authorities and the Commission should make the necessary information and data available to the competent authorities. Where the competent authority concludes that an importer has exceeded the threshold, it should communicate that information to the customs authorities who, in turn, should not allow further importation of goods from that importer until the end of the calendar year, or until that importer has obtained the status of authorised CBAM declarant.

(8) Where an importer expects to exceed the annual threshold or intends to import goods after exceeding the threshold, the importer should apply for authorisation pursuant to Article 5 of Regulation (EU) 2023/956. For importers who have not been granted the

[15] Proposal for a COUNCIL REGULATION amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold (COM(2023) 259 final.

authorisation before exceeding the threshold, penalties should apply for the entirety of the imported goods in accordance with Article 26(2) of Regulation (EU) 2023/956. The payment of the penalty in accordance with Article 26(2) of that Regulation should release the importer from the obligation to submit a CBAM declaration and to surrender CBAM certificates.

(9) To ensure that the definition of an importer covers all relevant customs procedures, it is necessary to amend it to include the case of the simplified customs procedure where only a bill of discharge is submitted pursuant to Article 175(5) of Commission Delegated Regulation (EU) 2015/2446[16].

(10) To strike a balance between the effectiveness of the authorisation procedure and the risk profile of the applicants, the consultation procedure should be optional for the competent authority. The consultation procedure should allow the competent authority to consult other competent authorities and the Commission when considered necessary based on the information submitted by the applicant and customs information made available in the CBAM registry.

(11) To provide additional flexibility, the authorised CBAM declarants should be able to delegate the submission of the CBAM declaration to a third party. The authorised CBAM declarant should remain liable for the submission of the CBAM declaration. To provide the required delegation and access, that third party should fulfil certain technical credentials, including holding an Economic Operators Registration and Identification (EORI) number and being established in a Member State.

(12) Authorised CBAM declarants are required to submit their annual CBAM declaration and surrender the corresponding number of certificates by 31 May of the year following the year of import. In order to provide authorised CBAM declarants flexibility to comply with their obligations, a later date of submission would provide authorised CBAM declarants more time to collect the necessary information, ensure that embedded emissions are verified by an accredited verifier, and purchase the corresponding number of CBAM certificates. The date for the cancellation of CBAM certificates should be adjusted accordingly.

(13) The embedded emissions of some aluminium and steel goods currently included in the scope of CBAM are primarily determined by the embedded emissions of input materials (precursors), while the emissions arising during the production steps of those goods are typically relatively low. They consist of finishing processes that are carried out by separate installations not covered by the EU emissions trading system ('EU ETS') as provided for in Directive 2003/87/EC of the European Parliament and of the Council[17], except for the case of integrated facilities. The embedded emissions of those production processes should be excluded from the system boundaries of the calculation of emissions.

(14) Where input materials (precursors) have already been subject to the EU ETS or to a carbon pricing system that is fully linked with the EU ETS, the embedded emissions of

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16 Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code (OJ L 343, 29.12.2015 p. 1, ELI: http://data.europa.eu/eli/reg_del/2015/2446/oj).

17 Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, ELI: http://data.europa.eu/eli/dir/2003/87/oj).

those precursors should not be accounted for in the calculation of the embedded emissions of complex goods.

(15) Authorised CBAM declarants are required to submit an annual CBAM declaration containing the calculation of embedded emissions on the basis of either default values or actual values verified by accredited verifiers. Default values will be calculated and made available by the Commission. Therefore, the verification of embedded emissions should only apply to actual values.

(16) Information collected during the transitional period illustrates difficulties for reporting declarants to obtain the required information on the carbon price effectively paid in a third country. To facilitate the deduction of the carbon price, the Commission should, where possible, establish an annual average carbon price expressed in EUR/tCO_2e of the effective carbon price paid, based on the best available data from reliable, publicly available information and information provided by third countries, including on a conservative basis.

(17) Authorised CBAM declarants may claim a reduction in the number of CBAM certificates to be surrendered corresponding to the carbon price effectively paid in the country of origin for the declared embedded emissions. Since the carbon price may be paid in a third country other than the country of origin of the imported goods, such carbon price should also be eligible for deduction.

(18) To improve the reliability of the emissions data contained in the CBAM registry and to facilitate the submission of data, accredited verifiers should be allowed to access the CBAM registry to verify the embedded emissions upon request from an operator in third countries. In addition, parent companies or related undertakings of those operators should be allowed to access the CBAM registry for the purpose of registering and sharing relevant data on behalf of the controlled operator. The operators should be required to provide a corporate or activity registration number to ensure their identification.

(19) To foster the implementation of Regulation (EU) 2023/956 at national level, Member States should ensure that the competent authorities have the necessary powers to perform their duties.

(20) To provide authorised CBAM declarants sufficient time to prepare for compliance with the amended obligations under Regulation (EU) 2023/956, Member States should start selling CBAM certificates in 2027 for emissions embedded in goods imported during the year 2026. The price of CBAM certificates, purchased in 2027 and corresponding to emissions embedded in goods imported into the EU in 2026, should reflect the prices of EU ETS allowances in 2026.

(21) The obligation for the authorised CBAM declarants to ensure that the number of CBAM certificates on their account in the CBAM registry at the end of each quarter corresponds to at least 80 % of the emissions embedded in the goods they have imported since the start of the year, is insufficiently tailored to the expected financial adjustment. It is therefore necessary to both reduce the ratio from 80 % to 50 % and integrate the free allocation of EU ETS allowances. Furthermore, the authorised CBAM declarant should be able to rely on the information submitted in the CBAM declaration in the previous year, for the same goods and third countries.

(22) The repurchase limit should likewise align more accurately with the number of CBAM certificates which the authorised CBAM declarants are required to purchase during the year of imports.

(23) Since CBAM certificates are cancelled without any compensation, there is no need for an exchange of information from the common central platform to the CBAM registry at the end of the working day.

(24) The competent authorities, when applying penalties, should be able to take into account the specific circumstances such as the intentional or negligent behaviour of the declarant. That would allow for a reduction of the amount of the penalty where minor or unintentional errors are made.

(25) The CBAM applies to certain carbon-intensive goods imported into the Union. The list of CBAM goods in Annex I of Regulation (EU) 2023/956 includes '[o]ther kaolinic clays' in the list of cement goods. While calcined kaolinic clays are carbon-intensive products, this is not the case for non-calcined kaolinic clays. Non-calcined kaolinic clays should therefore be excluded from the scope of the CBAM.

(26) Annex II to Regulation (EU) 2023/956 lists the goods for which only direct emissions should be taken into account in the calculation of embedded emissions. For goods not listed in that Annex, both direct and indirect emissions should be taken into account. Since indirect emissions are not relevant in the case of electricity generation, electricity should be added to the list of goods in that Annex.

(27) It is also necessary to simplify the means for determining default values when reliable data for the exporting country would not be available for a certain type of goods. In such cases, to prevent carbon leakage, the default value should be set at the level of the average emission intensity of the ten exporting countries with the highest emission intensities for which reliable data is available, which is an appropriate average to ensure the environmental objective of the CBAM. This is without prejudice to the possibility to adapt these default values based on region-specific features pursuant to point 7 of Annex IV of the CBAM.

(28) In order to amend certain non-essential elements of Regulation (EU) 2023/956, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of amending the threshold in Annex VII to that Regulation, where necessary, as determined in accordance with Article 2(3a) of that Regulation. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making*. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

* Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making, Interinstitutional Agreement of 13 April 2016 on Better Law-Making, (OJ L 123, 12.5.2016, p. 1–14, ELI: http://data.europa.eu/eli/agree_interinstit/2016/512/oj).

(29) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States, namely simplifying certain obligations and strengthening the mechanism that the Union has adopted to prevent the risk of carbon leakage and thereby reduce global carbon emissions but can rather, by reason of the scale or effects of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In

accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.

(30) Regulation (EU) 2023/956 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) 2023/956

Regulation (EU) 2023/956 is amended as follows:

(1) Article 2 is amended as follows:

(a) paragraph 3 is replaced by the following:

'3. By way of derogation from paragraphs 1 and 2, this Regulation shall not apply to goods to be moved or used in the context of military activities pursuant to Article 1, point (49), of Commission Delegated Regulation (EU) 2015/2446*.

*Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code (OJ L 343, 29.12.2015, p. 1, ELI: http://data.europa.eu/eli/reg_del/2015/2446/oj).';

(b) the following paragraph 3a is inserted:

'3a. By way of derogation from paragraphs 1 and 2, importers, including authorised CBAM declarants, shall be exempted from the obligations under this Regulation, where the goods listed in Annex I, with the exception of electricity and hydrogen, do not exceed, cumulatively per calendar year, the mass-based threshold laid down in point 1 of Annex VII.

The threshold laid down in point 1 of Annex VII shall ensure that at least 99% of the emissions embedded in the imported goods and processed products pursuant to Article 2(1) and (2) are not covered by the derogation referred to in the first subparagraph.

The Commission is empowered to adopt delegated acts to amend the mass threshold set out in Annex VII to reflect a material change in the average emission intensities of goods used for the calculation of the threshold laid down in point 1 of Annex VII, or significant changes in the pattern of trade in goods, including practices of circumvention of that threshold as referred to in Article 27(2), point (b).';

(2) Article 3 is amended as follows:

(a) point (15) is replaced by the following:

'(15) 'importer' means either the person lodging a customs declaration for release for free circulation of goods or a bill of discharge in accordance with Article 175(5) of Delegated Regulation (EU) 2015/2446 in its own name and on its own behalf or, where the customs declaration is lodged by an indirect customs representative in accordance with Article 18 of Regulation (EU) No 952/2013, the person on whose behalf such a declaration is lodged;

(b) point (31) is replaced by the following:

'(31) 'operator' means any person that operates or controls an installation in a third country, including a parent company controlling an installation in a third country;';

(3) Article 5 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Any importer established in a Member State shall, prior to importing goods into the customs territory of the Union, apply for the status of authorised CBAM declarant (‘application for an authorisation’).

An indirect customs representative shall submit the application for authorisation where the indirect customs representative is appointed by an importer in accordance with Article 18 of Regulation (EU) No 952/2013 and agrees to act as authorised CBAM declarant, including where that importer is subject to the derogation pursuant to Article 2(3a).’;

(b) the following paragraph 1a is inserted:

‘1a. An importer shall submit the application for an authorisation in accordance with paragraph 1 where the importer expects to exceed the threshold laid down in point 1 of Annex VII.’;

(c) paragraph 2 is replaced by the following:

‘2. Where an importer is not established in a Member State, the indirect customs representative shall apply for the status of authorised CBAM declarant, including where that importer is subject to the derogation pursuant to Article 2(3a).’;

(d) in paragraph 5, point (g) is replaced by the following:

‘(g) estimated monetary value, volume of imports of goods into the customs territory of the Union by type of goods and information on the Member States of import, for the calendar year during which the application is submitted, and for the following calendar year;’;

(e) the following paragraph 7a is inserted:

‘7a. An authorised CBAM declarant may delegate the submission of CBAM declarations as referred to in Article 6 to a person acting on behalf and in the name of that declarant. The authorised CBAM declarant shall remain responsible for performing the obligations set out with regard to authorised CBAM declarants in this Regulation.’;

(4) Article 6 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. By 31 August of each year, and for the first time in 2027 for the year 2026, each authorised CBAM declarant shall use the CBAM registry referred to in Article 14 to submit a CBAM declaration for the preceding calendar year.’

(b) paragraph 2 is replaced by the following:

2. The CBAM declaration shall contain the following information:

(a) the total quantity of each type of goods imported during the preceding calendar year, expressed in megawatt-hours for electricity and in tonnes for other goods, including the imported goods below the threshold laid down in point 1 of Annex VII);

(b) the total embedded emissions in the goods referred to in point (a) of this paragraph, expressed in tonnes of CO_2e emissions per megawatt-hour of electricity or, for other goods, in tonnes of CO_2e emissions per tonne of each type of goods, calculated in accordance with Article 7 and verified, when actual emissions are used, in accordance with Article 8;

(c) the total number of CBAM certificates to be surrendered, corresponding to the total embedded emissions referred to in point (b) of this paragraph after the reduction that is due on the account of the carbon price paid in a third country in accordance with Article 9 and the adjustment necessary to reflect the extent to which EU ETS allowances are allocated free of charge in accordance with Article 31;

(d) where applicable, copies of verification reports, issued by accredited verifiers, under Article 8 and Annex VI.';

(c) paragraph 6 is replaced by the following:

'6. The Commission is empowered to adopt implementing acts concerning the standard format of the CBAM declaration, including detailed information for each installation and country of origin or other third country and type of goods to be reported, which supports the totals referred to in paragraph 2 of this Article, in particular as regards embedded emissions, the carbon price paid, the default carbon price, the procedure for submitting the CBAM declaration via the CBAM registry, and the arrangements for surrendering the CBAM certificates referred to in paragraph 2, point (c), of this Article, in accordance with Article 22(1), in particular as regards the process and the selection by the authorised CBAM declarant of certificates to be surrendered. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).';

(5) Article 7 is amended as follows:

(a) paragraph 5 is replaced by the following:

'5. The authorised CBAM declarant shall keep records of the information required to calculate the embedded emissions in accordance with the requirements laid down in Annex V. Those records shall be sufficiently detailed to enable verifiers accredited pursuant to Article 18, where applicable, to verify the embedded emissions in accordance with Article 8 and Annex VI and to enable the Commission and the competent authority to review the CBAM declaration in accordance with Article 19(2).';

(b) in paragraph 7, point (a) is replaced by the following:

'(a) the application of the elements of the calculation methods set out in Annex IV, including determining system boundaries of production processes, which shall be limited to the system boundaries of production processes covered by the EU ETS, and relevant input materials (precursors), emission factors, installation-specific values of actual emissions and default values and their respective application to individual goods, as well as lay down methods to ensure the reliability of data on the basis of which the default values shall be determined, including the level of detail of the data, and including further specification of goods that are to be considered as 'simple goods' and 'complex goods' for the purpose of point 1 of Annex IV. Those implementing acts shall also specify the elements of evidence demonstrating that the criteria required to justify the use of actual emissions for electricity consumed in the production processes of goods for the purpose of paragraph 2 that are listed in points 5 and 6 of Annex IV are met;';

(6) in Article 8, paragraph 1 is replaced by the following:

'1. Where the embedded emissions are determined on the basis of actual emissions, the authorised CBAM declarant shall ensure that the total embedded emissions declared in the CBAM declaration submitted pursuant to Article 6 are verified by a

verifier accredited pursuant to Article 18, based on the verification principles set out in Annex VI.';

(7) Article 9 is replaced by the following:

'Article 9

Carbon price paid in a third country

1. An authorised CBAM declarant may claim in the CBAM declaration a reduction in the number of CBAM certificates to be surrendered in order to take into account the carbon price paid in a third country for the declared embedded emissions. The reduction may be claimed only if the carbon price has been effectively paid in a third country. In such a case, any rebate or other form of compensation available in that country that would have resulted in a reduction of that carbon price shall be taken into account.

2. The authorised CBAM declarant shall keep records of the documentation required to demonstrate that the declared embedded emissions were subject to a carbon price in a third country that has been effectively paid as referred to in paragraph 1. The authorised CBAM declarant shall in particular keep evidence related to any rebate or other form of compensation available, in particular the references to the relevant legislation of that country. The information contained in that documentation shall be certified by a person that is independent from the authorised CBAM declarant and from the authorities of the third country. The name and contact information of that independent person shall appear on the documentation. The authorised CBAM declarant shall also keep evidence of the actual payment of the carbon price.

3. The authorised CBAM declarant shall keep the records referred to in paragraph 2 until the end of the fourth year after the year during which the CBAM declaration has been or should have been submitted.

3a. By way of derogation from paragraphs 1, 2 and 3, where the carbon price effectively paid in a third country for the declared embedded emissions cannot be determined, an authorised CBAM declarant may claim in the CBAM declaration a reduction in the number of CBAM certificates to be surrendered in order to take into account that carbon price for the declared embedded emissions, by reference to yearly default carbon prices. In such a case, any rebate or other form of compensation available in that country that would have resulted in a reduction of that default carbon price shall be taken into account. The reduction may be claimed only where a carbon price was set by the rules applicable in the third country and a yearly default carbon price can be determined for that third country, including on a conservative basis.

As from 2027, the Commission may, for third countries where carbon pricing rules are in place, determine, publish the methodology and make available, in the CBAM registry referred to in Article 14, the default carbon prices for those third countries, based on the best available data from reliable, publicly available information and information provided by those third countries. In such a case, any rebate or other form of compensation available in that country that would have resulted in a reduction of that default carbon price shall be taken into account.

4. The Commission is empowered to adopt implementing acts concerning the conversion of the yearly average carbon price effectively paid in accordance with paragraph 1, and of the yearly default carbon prices for the third countries, in

accordance with paragraph 3a, into a corresponding reduction of the number of CBAM certificates to be surrendered. Those acts shall also concern the conversion of the carbon price expressed in foreign currency into euro at the yearly average exchange rate, the evidence required of the actual payment of the carbon price, examples of any relevant rebate or other form of compensation referred to in paragraph 1, the qualifications of the independent person referred to in paragraph 2 of this Article and the conditions to ascertain that person's independence. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).';

(8) Article 10 is replaced by the following:

'Article 10

Registration of operators and of installations in third countries

1. The Commission shall, upon request by an operator of an installation located in a third country, register the information on that operator and on its installation in the CBAM registry referred to in Article 14.

2. The request for registration referred to in paragraph 1 shall contain the following information to be included in the CBAM registry upon registration:

(a) the name, address, corporate or activity registration number, contact information of the operator, and, if applicable, of its controlling entity including its parent company together with the supporting documents;

(b) the location of each installation including the complete address and geographical coordinates expressed in longitude and latitude, including six decimals;

(c) the main economic activity of the installation;

3. The Commission shall notify the operator of the registration in the CBAM registry. The registration shall be valid for a period of five years from the date of its notification to the operator of the installation.

4. The operator shall inform the Commission without delay of any changes in the information referred to in paragraph 2 arising after the registration, and the Commission shall update the relevant information in the CBAM registry.

5. The operator shall:

(a) determine the embedded emissions calculated in accordance with the methods set out in Annex IV, by type of goods produced at the installation referred to in paragraph 1 of this Article;

(b) ensure the embedded emissions referred to in point (a) of this paragraph are verified in accordance with the verification principles set out in Annex VI by a verifier accredited pursuant to Article 18;

(c) keep a copy of the verification report as well as records of the information required to calculate the embedded emissions in goods in accordance with the requirements laid down in Annex V for a period of four years after the verification has been performed, and, where applicable, a copy of the documentation required to demonstrate that the declared embedded emissions were subject to a carbon price in a third country that has been effectively paid, until the end of the fourth year after the year during which the independent person has certified the information contained in that documentation in accordance with Article 9(2);

(d) determine, where applicable, the carbon price paid in a third country in accordance with Article 9, and upload accompanying documentation and evidence.

6. The records referred to in paragraph 5, point (c), of this Article shall be sufficiently detailed to enable the verification of the embedded emissions in accordance with Article 8 and Annex VI, and to enable the review, in accordance with Article 19, of the CBAM declaration made by an authorised CBAM declarant to whom the relevant information was disclosed in accordance with paragraph 7 of this Article.

7. An operator may disclose the information on the verification of embedded emissions and the carbon price paid in a third country referred to in paragraph 5 of this Article to an authorised CBAM declarant. The authorised CBAM declarant shall be entitled to use that disclosed information in order to fulfil the obligation referred to in Article 8.

8. The operator may, at any time, ask to be deregistered from the CBAM registry. The Commission shall, upon such request, and after notifying the competent authorities, deregister the operator and delete the information on that operator and on its installation from the CBAM registry, provided that such information is not necessary for the review of CBAM declarations that have been submitted. The Commission may, after having given the operator concerned the possibility to be heard and having consulted with the relevant competent authorities, also deregister the information if the Commission finds that the information on that operator is no longer accurate. The Commission shall inform the competent authorities of such deregistration.';

(9) the following Article 10a is inserted:

'Article 10a

Registration of accredited verifiers

1. Where an accreditation is granted in accordance with Article 18, the accredited verifier shall submit a request for registration in the CBAM registry to the competent authority of the Member State in which the national accreditation body is established. The request for registration shall be submitted within two months from the granting of the accreditation. The competent authority shall register the information on accredited verifiers in the CBAM registry.

2. The request for registration referred in paragraph 1 shall at least contain the following information to be included in the CBAM registry upon registration:

(a) the name, and unique accreditation number of the verifier;

(b) the scopes of accreditation relevant for CBAM;

(c) the country of establishment of the verifier;

(d) the date of accreditation and expiry date of accreditation certificates relevant for CBAM;

(e) any information on administrative measures imposed on the verifier relevant for CBAM;

(f) copies of accreditation certificates.

3. The competent authority shall notify the verifier of the registration in the CBAM registry.

4. The accredited verifier shall notify the competent authority of any changes to the information referred to in paragraph 2 arising after the registration. The competent authority shall ensure that the relevant information is duly updated in the CBAM registry.

5. The verifier shall verify the embedded emissions in the CBAM registry upon request from an operator pursuant to Article 10(5), point (b).

6. The competent authority shall deregister a verifier from the CBAM registry where the verifier is no longer accredited pursuant Article 18 or where the verifier has not complied with the obligation laid down in paragraph 4. The competent authority shall notify the Commission and the other competent authorities of the deregistration. The competent authority shall delete the information on that accredited verifier from the CBAM registry provided that such information is not necessary for the review of CBAM declarations that have been submitted.';

(10) Article 11 is amended as follows:

(a) in paragraph 1, first subparagraph, the following sentence is added:

'Each Member State shall ensure that the designated authority have all the powers necessary for the performance of their functions and duties under this Regulation.';

(b) the following paragraph 3 is added:

'3. At the request of the Commission, competent authorities shall provide information on the implementation of this Regulation to the Commission. This information may be used by the Commission for the report pursuant to Article 30(6).';

(11) Article 14 is amended as follows:

(a) paragraphs 3 and 4 are replaced by the following:

'3. The CBAM registry shall contain, in a separate section of the registry, the information about the operators and installations in third countries registered in accordance with Article 10(2) and the information about the accredited verifiers registered in accordance with Article 10a.

4. The information in the CBAM registry referred to in paragraphs 2 and 3 shall be confidential, with the exception of the names, addresses, corporate or activity registration numbers, contact information of the operators, the location of installations in third countries and the information on accredited verifiers referred to in Article 10a(2). An operator may choose not to have its name, address, corporate or activity registration number, contact information and the location of its installations made accessible to the public. The public information in the CBAM registry shall be made accessible by the Commission in an interoperable format.';

(b) paragraph 6 is replaced by the following:

'6. The Commission shall adopt implementing acts concerning the infrastructure and specific processes and procedures of the CBAM registry, including the risk analysis referred to in Article 15, the electronic databases containing the information referred to in paragraphs 2 and 3 of this Article, the procedures and the technical credentials to perform the delegation referred to in Article 5(7a), the data of the accounts in the CBAM registry referred to in Article 16, the transmission to the CBAM registry of the information on the sale and repurchase of CBAM certificates referred to in Article 20, and the cross-check of information referred to in Article 25(3). Those implementing

acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).';

(12) Article 17 is amended as follows:

(a) in paragraph 1, the second subparagraph is replaced by the following subparagraphs:

'Before granting the status of authorised CBAM declarant, the competent authority may consult relevant competent authorities or the Commission via the CBAM registry about the fulfilment of the necessary conditions and criteria for taking a favourable decision. The consultation shall take place within the period prescribed for the decision concerned and shall not exceed 15 calendar days.

The consultation procedure may also be applied for the purposes of re-assessment and monitoring of a decision.';

(b) in paragraph 8, the second subparagraph is replaced by the following:

'Before revoking the status of authorised CBAM declarant, the competent authority shall give the authorised CBAM declarant the possibility to be heard. The competent authority may consult relevant competent authorities or the Commission via the CBAM registry on the conditions and criteria for the revocation. The consultation shall not exceed 15 calendar days.';

(c) in paragraph 10, point (e) is replaced by the following:

'(e) the specific deadlines, scope and format of the consultation procedure referred to in paragraphs 1 and 8 of this Article.';

(13) in Article 19(3), the second subparagraph is replaced by the following:

'The Commission shall also facilitate the exchange of information with competent authorities about fraudulent activities, the conclusions pursuant to Article 25a and the penalties imposed in accordance with Article 26.';

(14) Article 20 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. From 1 February 2027, a Member State shall sell CBAM certificates on a common central platform to authorised CBAM declarants established in that Member State.';

(b) paragraph 3 is replaced by the following:

'3. The information on the sale and repurchase of CBAM certificates in the common central platform shall be transferred to the CBAM registry at the end of each working day.'

(c) paragraph 6 is replaced by the following:

'6. The Commission is empowered to adopt delegated acts in accordance with Article 28 supplementing this Regulation by further specifying the timing, administration and other aspects related to the management of the sale and repurchase of CBAM certificates, seeking coherence with the procedures of Commission Delegated Regulation (EU) 2023/2830*.

*Commission Delegated Regulation (EU) 2023/2830 of 17 October 2023 supplementing Directive 2003/87/EC of the European Parliament and of the Council by laying down rules on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances (OJ L, 2023/2830, 20.12.2023, ELI: http://data.europa.eu/eli/reg_del/2023/2830/oj).';

(15) Article 21 is amended as follows:

(a) in paragraph 1, the first subparagraph is replaced by the following:

‘The Commission shall calculate the price of CBAM certificates as the average of the closing prices of EU ETS allowances on the auction platform, in accordance with the procedures laid down in Delegated Regulation (EU) 2023/2830, for each calendar week.’;

(b) the following paragraph 1a is inserted:

‘1a. By way of derogation from paragraph 1, for the year 2026, the Commission shall calculate the price of CBAM certificates that corresponds to the embedded emissions declared in accordance with Article 6(2), point (b), in 2027 as the quarterly average of the closing prices of EU ETS allowances on the auction platform, in accordance with the procedures laid down in Delegated Regulation (EU) 2023/2830, of the quarter of importation of the goods to which those emissions correspond.]’;

(c) paragraph 3 is replaced by the following:

‘3. The Commission is empowered to adopt implementing acts on the application of the methodology provided for in paragraphs 1 and 1a to calculate the price of CBAM certificates and the practical arrangements for the publication of that price. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).’;

(16) Article 22 is amended as follows:

(a) in paragraph 1, the first sentence is replaced by the following:

‘By 31 August of each year, and for the first time in 2027 for the year 2026, the authorised CBAM declarant shall surrender via the CBAM registry a number of CBAM certificates that corresponds to the embedded emissions declared in accordance with Article 6(2), point (c), and verified in accordance with Article 8, for the calendar year preceding the surrender.’;

(b) paragraph 2 is replaced by the following:

‘2. From the first quarter of the year 2027, the authorised CBAM declarant shall ensure that the number of CBAM certificates on its account in the CBAM registry at the end of each quarter corresponds to at least 50 % of the embedded emissions in all goods it has imported since the beginning of the calendar year, taking into account the adjustment for free allocation as referred to in Article 31, determined by reference to any of the following:

(a) default values in accordance with the methods set out in Annex IV without the mark-up as referred to in Section 4.1 of that Annex;

(b) the number of CBAM certificates surrendered in accordance with paragraph 1 for the calendar year preceding the surrender, provided that the customs declaration for the import of goods refers to the same goods by CN code and countries of origin as the CBAM declaration submitted for the preceding calendar year.’;

(c) the following paragraph 2a is inserted:

‘2a. The authorised CBAM declarant shall comply with the obligation laid out in paragraph 2 at the end of the quarter where the authorised CBAM declarant exceeds the threshold laid down in Annex VII.’;

(17) Article 23 is amended as follows:

(a) in paragraph 1, second subparagraph, the second sentence is replaced by the following:

‘The authorised CBAM declarant shall submit the repurchase request by 30 [November] of each year during which CBAM certificates were surrendered.’;

(b) paragraph 2 is replaced by the following:

‘2. The number of CBAM certificates purchased during a calendar year and subject to repurchase as referred to in paragraph 1 shall be limited to the total number of CBAM certificates needed to fulfil the obligations set out in Article 22(2) during that calendar year.’;

(c) the following paragraph 2a is inserted:

‘2a. By way of derogation from paragraph 2, the number of CBAM certificates that corresponds to the embedded emissions declared in accordance with Article 6(2) in 2027 for the year 2026 which have not been surrendered in accordance with Article 22(1) shall be subject to repurchase as referred to in paragraph 1 only in 2027.’;

(18) Article 24 is amended as follows:

(a) in the first paragraph, the first sentence is replaced by the following:

‘On 1 October of each year, the Commission shall cancel any CBAM certificates that were purchased during the year before the previous calendar year and that remained in the account of an authorised CBAM declarant in the CBAM registry. Those CBAM certificates shall be cancelled without any compensation’;

(b) the following paragraph is added:

‘By way of derogation from the first paragraph, on 1 [December] 2027, the Commission shall cancel any CBAM certificates that correspond to the embedded emissions declared in accordance with Article 6(2) in 2027 for the year 2026. Those CBAM certificates shall be cancelled without any compensation.’;

(19) Article 25 is amended as follows:

(a) in paragraph 2, the second sentence is replaced by the following:

‘That information shall include the EORI number or the form of identification declared in accordance with Article 6(2) of Delegated Regulation (EU) 2015/2446, and the name, address and contact information, of the importer or of the authorised CBAM declarant as well as the CBAM account number of the authorised CBAM declarant, the eight-digit CN code of the goods, the quantity, the country of origin, the date of the customs declaration and the customs procedure.’;

(b) paragraph 3 is replaced by the following:

‘3. The Commission shall communicate the information referred to in paragraph 2 of this Article to the competent authority of the Member State where the authorised CBAM declarant or the importer is established and shall, for each CBAM declarant, cross-check that information with the data in the CBAM registry pursuant to Article 14.’;

(c) paragraph 4 is replaced by the following:

‘4. The customs authorities may communicate, in accordance with Article 12(1) of Regulation (EU) No 952/2013, confidential information acquired by the customs authorities in the course of performing their duties, or provided to the customs

authorities on a confidential basis, to the Commission and to the competent authority of the Member State that has granted the status of the authorised CBAM declarant or to the competent authority of the Member State where the importer is established.';

(20) the following Article 25a is inserted:

'Article 25a

Monitoring and enforcement of the threshold laid down in point 1 of Annex VII

1. The competent authorities and the Commission shall monitor the importation of goods listed in Annex l and the corresponding threshold laid down in point 1 of Annex VII.

The Commission shall periodically and automatically exchange with competent authorities information necessary for the monitoring of importers in the CBAM registry.

2. Where the Commission considers, based on a preliminary assessment, that an importer has exceeded the threshold, it shall communicate the information on which the preliminary assessment is based to the competent authority of the Member State where the importer is established.

The competent authority may request from the importer, the customs authorities or the Commission documentary evidence necessary for assessing whether the importer has exceeded the threshold.

3. Where the competent authority concludes that an importer has exceeded the threshold, it shall inform the importer of the decision. The decision shall include the reasons for the decision, as well as information about the right to appeal, the penalties applied in accordance with Article 26(2), and a request to apply, where necessary, for authorisation in accordance with Article 5. The competent authority shall also notify the customs authorities and the Commission of the decision via the CBAM registry.

The submission of an appeal shall not suspend the implementation of the disputed decision.

4. In concluding whether an importer has exceeded the threshold in accordance with paragraph 3, a competent authority shall disregard a practice or an arrangement or a series thereof which has been put into place for the main purpose or one of the main purposes of falling below the threshold and are therefore, having regard to all relevant facts and circumstances, not genuine.

A practice or an arrangement or a series thereof shall be regarded as not genuine where they are not put into place for valid commercial reasons which reflect economic reality. All importers involved in such a practice or arrangement shall be jointly liable for the penalty applied in accordance with Article 26(2).

In such cases, the competent authority shall consider that the importer has been involved in a serious infringement of this Regulation for the purpose of Article 17(2), point (a).

5. The Commission shall periodically set out specific risk factors and points for attention, based on a risk analysis in relation to the threshold, taking into account information contained in the CBAM registry, data communicated by customs authorities in accordance with Article 25, and other relevant information sources,

including irregularities identified as a result of the controls carried out in accordance with Article 15(1).';

(21) Article 26 is amended as follows:

(a) the following paragraph 1a is inserted:

'1a. The competent authority may decrease the amount of the penalty calculated in accordance with paragraph 1, considering one or more of the following factors:

a) the extent of unreported information;

b) the level of cooperation and readiness of the authorised CBAM declarant to comply with requests for information;

c) the unintentional nature of the behaviour of the authorised CBAM declarant;

d) the past compliance of the authorised CBAM declarant.';

(b) paragraphs 2 and 3 are replaced by the following:

'2. Where a person other than an authorised CBAM declarant introduces goods into the customs territory of the Union without complying with the obligations under this Regulation, that person shall be held liable for the payment of a penalty. Such a penalty shall be effective, proportionate and dissuasive and shall, depending in particular on the duration, gravity, scope, intentional nature and repetition of such non-compliance and the level of cooperation of the person with the competent authority, be an amount from three to five times the penalty referred to in paragraph 1, applicable in the year of introduction of the goods, for each CBAM certificate that the person has not surrendered. The payment of the penalty shall release the person from the obligation to submit a CBAM declaration or surrender certificates.

3. The payment of the penalty in accordance with paragraph 1 shall not release the authorised CBAM declarant from the obligation to surrender the outstanding number of CBAM certificates in a given year.';

(22) in Article 27(2), point (b) is replaced by the following:

'(b) artificially splitting imports, including via non-genuine arrangements, to avoid exceeding the threshold referred to in Article 2(3a).';

(23) Article 28 is amended as follows:

(a) paragraphs 2 and 3 are replaced by the following:

'2. The power to adopt delegated acts referred to in Articles 2(3a), 2(10), 2(11), 18(3), 20(6) and 27(6) shall be conferred on the Commission for a period of five years from [date of publication]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for further periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

3. The delegation of power referred to in Articles 2(3a), 2(10), 2(11), 9(5), 18(3), 20(6) and 27(6) may be revoked at any time by the European Parliament or by the Council.';

(b) paragraph 7 is replaced by the following:

'7. A delegated act adopted pursuant to Articles 2(3a), 2(10), 2(11), 9(5), 18(3), 20(6) or 27(6) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification

of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.';

(24) in Article 30(6), point (b), the following point is added:

'(v) the application of the threshold laid down in point 1 of Annex VII.';

(25) Article 36(2) is amended as follows:

(a) point (b) is replaced by the following:

'Article 2(2) and Articles 4, 6 to 9, 15 and 19, Articles 21 to 22(1), Article 22(3), Articles 27 and 31 shall apply from 1 January 2026.';

(b) the following points are added:

(c) Article 22(2) shall apply as from 1 January 2027;

(d) Article 20(1), (3), (4) and (5) shall apply as from 1 February 2027.'.;

(26) in Annex I, the CN code "2507 00 80 – Other kaolinic clays" is replaced by '2507 00 80 – Other kaolinic clays [except non-calcined kaolinic clays]';

(27) in Annex II, the following table is added:

'[Electricity

CN code	Greenhouse gas
2716 00 00 – Electrical energy	Carbon dioxide

]';

(28) Annex IV is amended in accordance with Annex I to this Regulation.

in section 2, point (k), of Annex VI, point (iii) is replaced by the following (iii) the identification of the installations where the input material (precursor) has been produced and the actual emissions from the production of that material;';

(29) a new Annex VII as set out in Annex II to this Regulation is added:

Article 2

Entry into force

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT

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1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Carbon Border Adjustment Mechanism

1.2. Policy area(s) concerned

Climate policy

1.3. Objective(s)

1.3.1. General objective(s)

In light of the EU's increased climate ambitions, the introduction of a CBAM has the overarching objective of addressing climate change by reducing GHG emissions in the EU and globally.

The amending proposal aims at simplifying the compliance burden on importers of CBAM goods.

1.3.2. Specific objective(s)

The overarching objective of addressing climate change is further articulated in a number of specific objectives, namely: (i) Addressing the risk of carbon leakage under increased EU ambition. (ii) Contributing to the provision of a stable and secure policy framework for investments in low or zero carbon technologies. (iii) Ensuring that domestic production and imports are subject to similar level of carbon pricing. (iv) Encouraging producers in third countries who export to the EU to adopt low carbon technologies. (v) Ensuring that the measure is effective, minimising the risk of being circumvented, thus providing environmental integrity. (vi) Ensuring a proportionate administrative burden for businesses and public authorities in the application of the measure.

The amending proposal aims at: (i) reducing administrative burden; (ii) improving the functioning of CBAM.

1.3.3. Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The introduction of a CBAM envisages a reduction in greenhouse gas emissions both in the EU-27 and in the rest of the world in the sectors covered by CBAM. The CBAM is also expected to reduce the risks of carbon leakage, therefore gradually replacing the free allocation of allowances under the EU ETS.

As regards economic impacts, the modelling conducted before the adoption of the CBAM Regulation indicated that the introduction of a CBAM and other measures needed to reach the EU's increased climate ambitions could lead to a GDP contraction for the EU 27 by 0.22 % to 0.23 % in 2030. Impact on the investment side is modest. On the consumption side CBAM appears to have a slightly stronger negative effect relative to the scenario of increased climate ambition and no CBAM.

By effectively reducing carbon leakage, the introduction of a CBAM leads to a reduction in imports in the EU 27. Overall, the social impacts of CBAM are limited.

Administrative impacts on the Commission, businesses national authorities, are expected. Altogether, compliance costs for businesses and authorities, while

significant, are expected to be proportionate, and manageable in light of the environmental benefits of the measure. While revenue generation is not an objective of CBAM is expected to generate additional revenue, which for 2030 is estimated at above EUR [2.1 billion to be updated].

The amending proposal expects to:

(i) reduce the number of entities subject to CBAM obligations while preserving the environmental integrity of the mechanism and its capacity to achieve its climate objective;

(ii) enhance the functioning of the mechanism by simplifying and streamlining processes and procedures. The proposal will make it easier for importers of goods into the Union to comply with CBAM reporting obligations by simplifying some of those CBAM reporting requirements which relate to complex calculations or rely on hazardous data collection processes which hamper effective CBAM implementation.

In addition, the proposal will also strengthen the monitoring and supervision of CBAM. It will increase the ability of the Commission to process data and exchange relevant information with national authorities to ensure that the utility of the information reported by stakeholders is maximised. It will also enable both the Commission to better detect risks and national authorities to be better equipped to take appropriate actions where needed.

1.3.4. Indicators of performance

Specify the indicators for monitoring progress and achievements.

Exempt from CBAM obligations importers of small quantities of CBAM goods

Optimisation of processes to increase effectiveness and reduce administrative burden

1.4. The proposal/initiative relates to:

☐ a new action

☐ a new action following a pilot project / preparatory action[18]

☒ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The CBAM was introduced from October 2023. A simplified system of the CBAM scheme is currently in place until the end of 2025. Specifically, a transitional period (dry-run for data collection) currently applies to facilitate the smooth roll out of the CBAM and allow traders and importers to adjust.

Commission services are in charge of implementing and enforcing CBAM both during the transition period (2023-2025) and will also be during the definitive phase (from 2026).

[18] As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

During the transition period this implies collecting information from importers of CBAM goods in the EU on the embedded GHG emissions of these goods and analysing data.

The Carbon Border Adjustment Mechanism (CBAM) calls for a progressive introduction of the different functions necessary for its effective implementation. Firstly, a number of reports and reviews need to be prepared in order to facilitate the financial obligation to be set in place. Recognizing this, the CBAM regulation foresees its implementation in two consecutive periods: the Transitional Period from October 2023 until end of 2025 and the Definitive Period as from early 2026.

During the Transitional Period the obligation placed on importers and the EU Authorities (customs) is limited to the filing of the quarterly CBAM reports in addition of the Import declarations.

During the transitional period, transitional information management system (CBAM Transitional Period – CBAM TP) were put in place to support the submission and collection of quarterly reports, as well as the assimilation of data from each report into an aggregated database, to allow for their effective analysis for the purposes of reporting in line with the provisions of the Regulation.

Additionally, during the transitional period, customs authorities are tasked with informing customs declarants of the obligation to report information, so as to contribute to the gathering of information as well as to the awareness on the need to request the status of authorised declarant when applicable (before the first importation of CBAM goods from 1 January 2026).

The Definitive Period is planned to start on the 01.01.26 for the core CBAM declaration and certificates management services as listed here and one year earlier for authorised declarants registration and processing of CBAM authorisations by the competent authorities:

- importers are only entitled to import these goods after they have been granted an authorisation (except in case of the derogation proposed in the amending Regulation) by competent authorities, or if they would appoint a representative authorised as CBAM declarant. Customs authorities should not allow the importation of CBAM goods without a authorised CBAM declarant being involved. Furthermore, the customs authorities may carry out checks on the goods, including with respect to the identification of the authorised CBAM declarant, the eight-digit CN code, the quantity and the country of origin of the imported goods, the date of declaration and the customs procedure. The Commission should include the risks relating to CBAM in the design of the common risk criteria and standards pursuant to Article 50 of Regulation (EU) No 952/2013

- The CBAM should be based on a declarative system where an authorised CBAM declarant, who may act on its own behalf or represent one or more importers, submits annually a declaration of the embedded emissions in the goods imported to the customs territory of the Union and surrenders a number of CBAM certificates corresponding to those declared emissions.

- An authorised CBAM declarant should be allowed to claim a reduction in the number of CBAM certificates to be surrendered corresponding to the carbon price already effectively paid for those emissions in other jurisdictions. The amending Regulation proposes to introduce a default carbon price which would allow declarants to claim a

deduction where it cannot be demonstrated that a carbon price has been effectively paid.

- The embedded declared emissions should be verified by a person accredited by an EU national accreditation body where actual emissions are declared.

- The CBAM central system should allow operators of production installations in third countries to register in the CBAM registry and to make their verified embedded GHG emissions from production of goods available to authorised CBAM declarants. The Commission should manage the CBAM registry containing data on the authorised CBAM declarants, operators and installations in third countries. The amending Regulation proposes to allow accredited verifiers to access the registry to improve the reliability of emission data shared by operators with declarants through the registry.

- To reduce the risk of carbon leakage the Commission should take action to address practices of circumvention

- For the sale and re-purchase of CBAM certificates a common central platform should be established. For the purpose of oversight of the transactions on the common central platform, the Commission should facilitate the exchanges of information and the cooperation between competent authorities, and between those authorities and the Commission. Additionaly, a swift flow of information between the common central platform and the CBAM registry should be establised.

- The Commission should carry out risk-based controls and should review the content of the CBAM declarations accordingly. For enforcement purposes, Member States may also carry out reviews of individual CBAM declarations. The conclusions of the reviews of individual CBAM declarations should be shared with the Commission and should be made available to other competent authorities in the CBAM registry.

- Member States should be responsible for the correct establishment and collection of revenues arising from the application of this Regulation.

Therefore, during the definitive period the number of tasks attributed to the EC increase drastically, requiring an increase in staffing needs. The tasks carried out by this team will include the supervision of authorisation of CBAM declarants made by MS competent authorities, the management of the central database and central registry, coordination and information exchange with MS competent authorities, review of declarations and oversight of the external platform and lastly, tasks requiring legal competencies such as litigation and recovery and financial responsibility oversight. The structure of the team is further defined below.

During the definitive period the Commission will be in charge of the majority of the tasks resulting from the CBAM regulation.

CBAM IT Budget

The CBAM Budget to be engaged/ committed for the period 2023-2027 have been assessed at 101,74 M€.The CBAM IT budget encompasses Analysis & Development services, Deployment services, Operations services, cloud services and/or on premises hardware and software licenses for the Transitional and Definitive CBAM System as detailed below :

- The CAPEX cost has been estimated based on the actual budget engaged and the budget authorised by EC IT Corporate Governance in the form of approved Vision Documents for the following past projects of DG TAXUD IT projects, due to their similarities in terms of IT Architecture Model: CDS, CRMS2, SURV3, REX, CSRD2,

EBTI, Customs Trans-European Declaration Management Systems developed and operated by DG TAXUD.

- The OPEX cost has been assessed on the basis of the current annual infrastructure and operational costs of DG TAXUD, their provisions for IT infrastructure, IT Support and Service Desk activities for the production systems delivered by the projects referenced above.

- The pricing is based on the current Framework Contracts pricing in place.

In the IT Policy budget line, the budget of the joint procurement between the COM and MS of the platform for buying and selling of certificates for managing operations is not included.

The CBAM team would consist of 90 EC staff (including 15 IT staff) in 2027.

The amending Regulation proposes to introduce rationalisations of administrative requirements, including reporting. Since those requirements were introduced by Union Law, their rationalization is also best done at EU level to ensure legal certainty and consistency of reporting. This change corresponds to additional IT cost of 18,95 M€ for the period of 2025-2027. This will ensure a level playing field for companies and authorities across the Union, which will be benefiting from the rationalisation of reporting requirements arising from this proposal.

Tasks attributed to the European Commission and shared with MS for the implementation of CBAM	**Number of staff required to carry out said task**				
	Transitional Period (2023)	**Transitional Period (2024)**	**Transitional Period (2025)**	**Definitive Period (2026)**	**Definitive Period (2027)**
Authorisation of CBAM declarants	0	0	1	2	2
Management and registration of information in the central database of installations outside the EU	0	0	0	3	5
Management of central registry including accounts (surrendering of certificates, including 80% rule, cancellation)	0	0	0.5	3	5
Coordination and information exchange between the competent authorities and customs	0	1	1	1	1
Check and control for irregularities Risk-based controls and maintenance of an independent	0	0	0	3	5

transaction log and inform MS of irregularities					
Oversight and review of declarations and emission reports: 1. Oversight of the automated step of checking through the declarations 2. Review of declarations (embedded emissions calculations, obligations of certificates, deduction of carbon price paid abroad and FA) + Assessment of unsubmitted CBAM certificates	0	0	0	8	25
3. Review of emissions reports	0	0	0	10	10
Setting up risk-based factors for the review of the declarations	0	1	1	1	1
Penalties	0	0	0	2	2
Oversight, monitoring and management of the external platform for buying and selling and calculation of price of CBAM certificates	0	0	0	2	2
Review and reporting obligations by the end of the transitional period including assessment of transitional period reports	0	7	13.5	0	0
Reports to be drafted	3	3	3	3	3
Litigation and recovery	3	3	3	6	8

Financial responsibility oversight					
Contracts and HR					
Drafting of secondary legislation (Implementing and Delegated Acts)	3	3	3	3	3
Outreach and Training	2	2	2	2	2
Methodology for calculating embedded emissions	1	1	1	1	1
Total number of staff CBAM team (excluding IT)	12	21	29	50	75

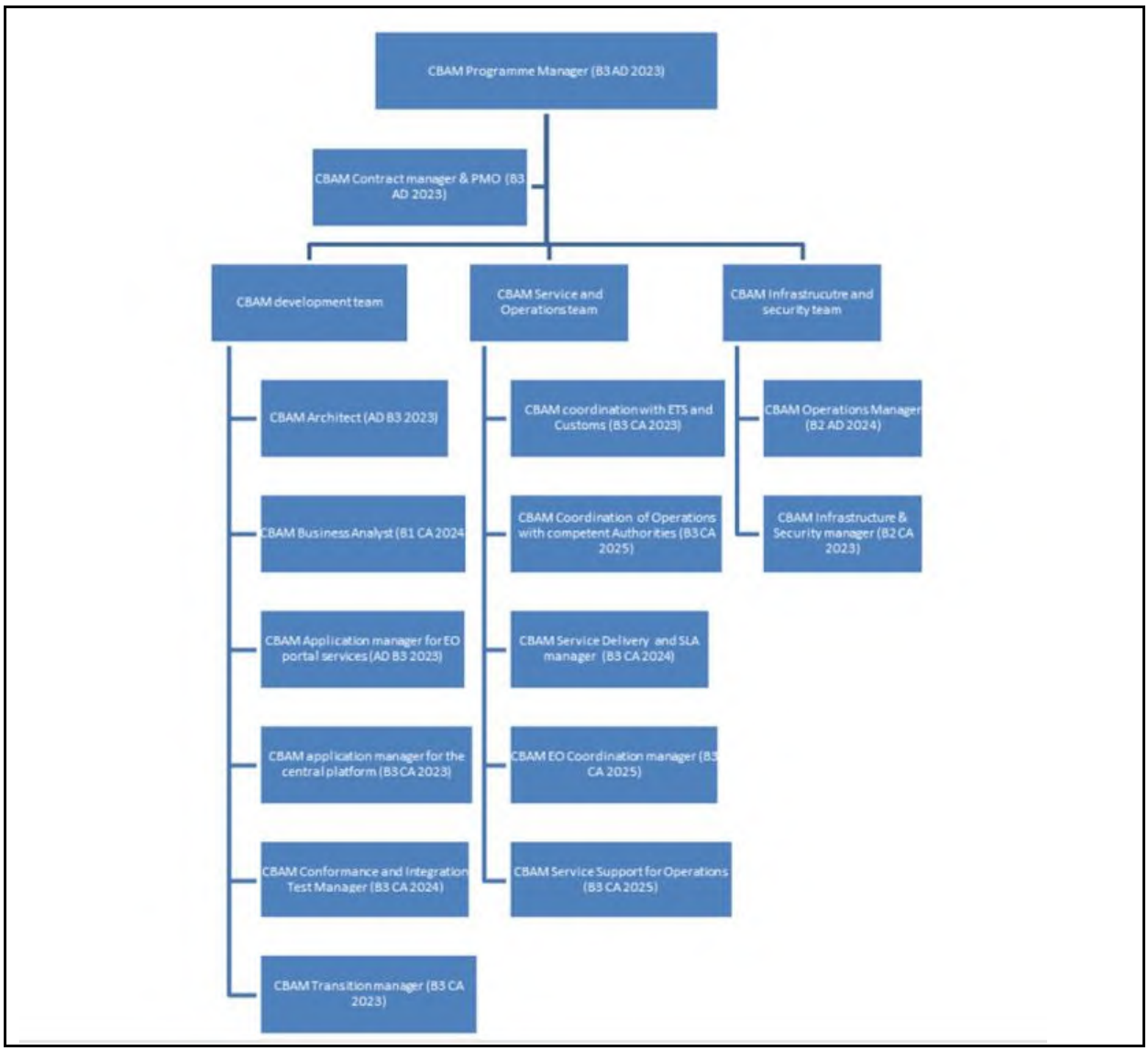
The breaking down of total staff, including IT staff, from 2023 to 2027 would be the following:

Year	**2023**	**2024**	**2025**	**2026**	**2027**
No of Total Resources	20	33	44	65	90
CBAM team	12	21	29	50	75
IT CBAM team	8	12	15	15	15

The strategic importance, the magnitude and complexity of the CBAM IT project require a dedicated CBAM IT team to be established to manage the overall project implementation and operations.

The CBAM IT team consists of 15 members of specialised IT profiles for defining and managing CBAM IT System Architecture and Project Organisation and planning, the activities in terms of development, deployment, the organisation of the Service Model, the management of operations and support in front of Trade, COM services, climatic and Customs authorities, in parallel of the Transitional and definitive CBAM IT systems.

The CBAM IT team would consist of 15 EC staff structured as presented in the graph below:



The proposed plan of deploying the CBAM IT team is the following:

Year	**2023**	**2024**	**2025**	**2026**	**2027**
No of Resources	8	12	15	15	15
AD	4	5	5	5	5
CA	4	7	10	10	10

1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.

Reasons for action at EU level (ex-ante) Reducing GHG emissions is fundamentally a trans-boundary issue that requires effective action at the largest possible scale. The EU

as a supranational organisation is well-placed to establish effective climate policy in the EU, like it has done with the EU ETS.

There exists already a harmonised carbon price at EU level. This consists of the price resulting from the EU ETS for the sectors covered by the system. The only meaningful way to ensure equivalence between the carbon pricing policy applied in the EU's internal market and the carbon pricing policy applied on imports is to take action at the level of the Union.

Any initiative needs to be implemented in a way that provides importers, regardless of country of origin and port of entry or destination within the EU, with uniform conditions and incentives for GHG emission reductions that are equivalent to those of domestic producers. The single effective way to do this is by taking action at the level of the EU.

The proposed simplification introduced by the amending Regulation is best done at EU level to ensure legal certainty and consistency. This will ensure a level playing field for companies and authorities across the Union, which will be benefiting from the rationalisation of reporting requirements arising from this proposal.

Expected generated EU added value (ex-post) In parallel to the EU ETS, reduction of GHG emissions and protection against the risk of carbon leakage in the EU single market can be established most adequately at the EU level. Additionally, the need for minimal administrative costs is best achieved by establishing consistent rules for the entire single market, further underlining the added value of an intervention at the EU level.

The public consultation has confirmed the added value of taking action on the CBAM at the EU level. In particular, stakeholders agree that an EU CBAM is needed due to existing differences of ambition between the EU and the rest of the world and in order to support the global climate efforts. In addition, in view of the EU's position in international trade, if it introduces a CBAM the environmental effect on international climate ambitions will be most effective as a potential example to follow.

Thus, the objective of reducing emissions and climate neutrality requires – without equally ambitious global policies – action by the European Union.

1.5.3. Lessons learned from similar experiences in the past

The CBAM is a new mechanism. The preferred option in the Impact Assessment draws from the EU Emissions Trading System and aims at replicating some of its features.

If sufficient ressources are not made available to enforce CBAM correctly, there is a serious risk that businesses will avoid CBAM.

The amending proposal relies on the experience gained in implementing CBAM since the mechanism started to apply in its transitional phase on 1 October 2023.

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

In the interinstitutonal agreement of 16 December 2020, signed in the context of the negotiations, the European Parliament, the Council and the Commission agreed that "the institutions will work towards introducing sufficient new own resources with a view to covering an amount corresponding to the expected expenditure related to the repayment" of NextGenerationEU. As part of the mandate received, the Commission was invited to put forward a proposal for a CBAM in the first semester of 2021.

The final agreement by co-legislators foresees that most of the implementation and enforcement of CBAM will be the responsibility of the Commission. Therefore, in order to ensure the correct deployment of the proposal the appropriate financing means need to be made available within the current MFF.

The amending proposal is consistent with the objective of the better regulation agenda, as it will strengthen the Commission's ability to carry out its general supervision of CBAM, while reducing administrative the costs (notably for small importers, but also for Member States' authorities) that would otherwise be incurred in collecting the information through other means.

1.5.5. Assessment of the different available financing options, including scope for redeployment

Implementation costs for CBAM will be financed by the EU budget.

1.6. Duration of the proposal/initiative and of its financial impact

☐ **limited duration**

– ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY

– ☐ financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

☒ **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– followed by full-scale operation.

1.7. Method(s) of budget implementation planned[19]

☒ **Direct management** by the Commission

– ☒ by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☐ **Shared management** with the Member States

☐ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated

– ☐ international organisations and their agencies (to be specified)

– ☐ the European Investment Bank and the European Investment Fund

– ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation

– ☐ public law bodies

– ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees

– ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees

– ☐ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act

– ☐·bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

Comments

[19] Details of budget implementation methods and references to the Financial Regulation may be found on the BUDGpedia site: https://myintracomm.ec.europa.eu/corp/budget/financial-rules/budget-implementation/Pages/implementation-methods.aspx.

N/A

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

The Commission will ensure that arrangements are in place to monitor and evaluate the functioning of the CBAM and evaluate it against the main policy objectives.

Before the end of the transitional period at the end of 2025 and every two years thereafter, the Commission will publish comprehensive assessments of the functioning of the CBAM, including its governance. The 2025 report will also review the scope of the CBAM to examine the possibility of extending it to cover emissions of other EU ETS sectors at risk of carbon leakage, products further down the value chain as well indirect emissions for all sectors. For this, it is necessary to monitor the effect of CBAM on the shortlisted sectors.

2.2. Management and control system(s)

2.2.1. Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

A significantly centralised set-up allows a very uniform and efficient implementation of CBAM across the EU including in Member states with more limited administrative capacity on climate issues. The majority of the implementation and enforcement functions have been attributed to Commission services. These also require an increased number of control functions in order to ensure the correct implementation and management of the CBAM. The Commission has also foreseen an increased number of measures for fraud prevention.

While this simplification package will significantly reduce the administrative burden for importers, notably SMEs, as well as national authorities, this is made possible by Commission services taking up increased responsibilities and more tasks, notably in the monitoring and enforcement.

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

The CBAM will be based on a declarative system, which entails the risk of non-declaration or misdeclaration.

In order to address the risk of non-declaration, the system requires an authorisation before importing goods in the scope of the Regulation. National Customs Authorities will be in charge of enforcing this rule by not releasing into free circulation these goods as long as the declarant is not authorised according to this Regulation.

In order to address the risk of misdeclaration a system of auditing on risk assessment criteria as well as random audits will be in place coupled with sanctions set up as a sufficiently high level to serve as deterrent. Auditing will take place both at the level of CBAM declaration by the national authorities and at the level of import declarations by customs authorities.

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)

Commission services will control the correct application of CBAM, in particular the surrender of CBAM certificates and the correct application of the de minimis

threshold. A strong risk management system will be applied to ensure cost-effective controls and tackle risks of circumvention.

2.3. Measures to prevent fraud and irregularities

The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties.

Efficient anti-fraud actions require active cooperation, including knowledge-sharing and exchange of information, between customs authorities and competent authorities, both at national level and EU level; it may also require cooperation with third countries. A specific attention should be drawn to non-reliable economic operators (e.g. shell company, missing traders) and cross-border trade inside the EU.

Quick anti-fraud action should be put in place to react to new/newly detected fraud risks. Authorities in charge should report and share knowledge on fraudulent patterns.

Where an authorised CBAM declarant or an importer fails to comply with the obligations in the CBAM regulation, penalties will be applied. The amount of the penalty will be based on penalties in the EU ETS.

In case of repeated offences, the national competent authority may decide to suspend the account of the declarant.

Commission services, together with national competent authorities and national customs, have set up CBAM risk management network, which will work on a joint anti-circumvention strategy.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.[20]	from EFTA countries [21]	from candidate countries and potential candidates [22]	From other third countries	other assigned revenue
7	20 01 02 01	Diff./Non-diff.	NO	NO	NO	NO
3	09 20 04 01 (CBAM)	Diff./Non-diff.	NO	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
N/A	N/A	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

[20] Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.
[21] EFTA: European Free Trade Association.
[22] Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

– ☐ The proposal/initiative does not require the use of operational appropriations

– ☒ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework	3	Natural resources and environment (IT)

DG: TAXUD			Year 2024	Year 2025	Year 2026	Year 2027	**TOTAL MFF 2021-2027**
Operational appropriations							
Budget line	Commitments	(1a)	28,090	34,750	33,700	30,150	**126,690**
	Payments	(2a)	17,530	21,157	32,090	33,067	**103,844**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes[23]							
Budget line		(3)					**0.000**
TOTAL appropriations for DG TAXUD	Commitments	=1a+1b+3	**28,090**	**34,750**	**33,700**	**30,150**	**126,690**
	Payments	=2a+2b+3	**17,530**	**21,157**	**32,090**	**33,067**	**103,844**
			Year 2024	Year 2025	Year 2026	Year 2027	**TOTAL MFF 2021-2027**
TOTAL operational appropriations	Commitments	(4)	28,090	34,750	33,700	30,150	**126,690**
	Payments	(5)	17,530	21,157	32,090	33,067	**103,844**

[23] Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under HEADING 3 of the multiannual financial framework	Commitments	=4+6	**28,090**	**34,750**	**33,700**	**30,150**	**126,690**
	Payments	=5+6	**17,530**	**21,157**	**32,090**	**33,067**	**103,844**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	28,090	34,750	33,700	30,150	**126,690**
	Payments	(5)	17,530	21,157	32,090	33,067	**103,844**
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations Under Heading 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	**28,090**	**34,750**	**33,700**	**30,150**	**126,690**
	Payments	=5+6	**17,530**	**21,157**	**32,090**	**33,067**	**103,844**

Heading of multiannual financial framework	**7**	'Administrative expenditure'[24]				
DG: TAXUD		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources		8,572	6,271	8,740	11,700	**35,283**
• Other administrative expenditure - Missions		0,600	0,300	0,306	0,312	**1,518**
TOTAL DG TAXUD	Appropriations	**9,172**	**6,571**	**9,046**	**12,012**	**36,801**

[24] The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	**9,172**	**6,571**	**9,046**	**12,012**	**36,801**

EUR million (to three decimal places)

		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL appropriations under HEADINGS 1 to 7	Commitments	**37,262**	**41,321**	**42,746**	**42,162**	**163,491**
of the multiannual financial framework	Payments	**26,702**	**27,728**	**41,136**	**45,079**	**140,645**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL operational appropriations	Commitments	(4)	28,090	34,750	33,700	30,150	**126,690**
	Payments	(5)	17,530	21,157	3,090	33,067	**103,844**
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under HEADING 3 of the multiannual financial framework	Commitments	=4+6	**28,090**	**34,750**	**33,700**	**30,150**	**126,690**
	Payments	=5+6	**17,530**	**21,157**	**32,090**	**33,067**	**103,844**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	28,090	34,750	33,700	30,150	**126,690**
	Payments	(5)	17,530	21,157	32,090	33,067	**103,844**

• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under Headings 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	**28,090**	**34,750**	**33,700**	**30,150**	**126,690**
	Payments	=5+6	**17,530**	**21,157**	**32,090**	**33,067**	**103,844**

Heading of multiannual financial framework	**7**	'Administrative expenditure'[25]

EUR million (to three decimal places)

DG: TAXUD		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources		8,572	6,271	8,740	11,700	**35,283**
• Other administrative expenditure		0,600	0,300	0,306	0,312	**1,518**
TOTAL DG TAXUD	Appropriations	**9,172**	**6,571**	**9,046**	**12,012**	**36,801**

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	**9,172**	**6,571**	**9,046**	**12,012**	**36,801**

EUR million (to three decimal places)

		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL appropriations under HEADINGS 1 to 7	Commitments	**37,262**	**41,321**	**42,746**	**42,162**	**163,491**

25 The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

of the multiannual financial framework	Payments	**26,702**	**27,728**	**41,136**	**45,079**	**140,645**

3.2.2. Estimated output funded from operational appropriations (not to be completed for decentralised agencies)

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ⇩			Year **2024**		Year **2025**		Year **2026**		Year **2027**		Enter as many years as necessary to show the duration of the impact (see Section1.6)						**TOTAL**	
	OUTPUTS																	
	Type[26]	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1[27]…																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTALS																		

26 Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).

27 As described in Section 1.3.2. 'Specific objective(s)'

3.2.3. *Summary of estimated impact on administrative appropriations*

– ☐ The proposal/initiative does not require the use of appropriations of an administrative nature

– ☒ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	8,572	6,271	8,740	11,700	**35,283**
Other administrative expenditure	0,600	0,300	0,306	0,312	**1,518**
Subtotal HEADING 7	**9,576**	**6,571**	**9,046**	**12,012**	**36,801**
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**9,576**	**6,571**	**9,046**	**12,012**	**36,801**

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together, if necessary, with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.4. *Estimated requirements of human resources*

– ☐ The proposal/initiative does not require the use of human resources

– ☒ The proposal/initiative requires the use of human resources, as explained below

3.2.4.1. Financed from voted budget

Estimate to be expressed in full-time equivalent units (FTEs)[28]

VOTED APPROPRIATIONS	Year 2024	Year 2025	Year 2026	Year 2027
• Establishment plan posts (officials and temporary staff)				
20 01 02 01 (Headquarters and Commission's Representation Offices)	21	21	25	30
20 01 02 03 (EU Delegations)	0	0	0	0
01 01 01 01 (Indirect research)	0	0	0	0
01 01 01 11 (Direct research)	0	0	0	0
Other budget lines (specify)	0	0	0	0
• External staff (inFTEs)				
20 02 01 (AC, END from the 'global envelope')	12	23	40	60
20 02 03 (AC, AL, END and JPD in the EU Delegations)	0	0	0	0

[28] Please specify below the table how many FTEs within the number indicated are already assigned to the management of the action and/or can be redeployed within your DG and what are your net needs.

Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		**33**	**44**	**65**	**90**

The additional resources mentioned above were already allocated during the adoption of the initial CBAM Regulation. There are no changes to the HR establishment plan posts and external staff, except for the correction of the number of establishment plan posts for 2026 (adjusted from 15 to 25 – Clerical error in the previous LFS).

The staff required to implement the proposal (in FTEs):

	To be covered by current staff available in the Commission services	**Exceptional additional staff***		
		To be financed under Heading 7 or Research	**To be financed from BA line**	**To be financed from fees**
Establishment plan posts	N/A	N/A	N/A	N/A
External staff (CA, SNEs, INT)	N/A	N/A	N/A	N/A

Description of tasks to be carried out by:

Officials and temporary staff	The CBAM regulation requires the Commission to follow up with several delegated and implementing acts once the CBAM regulation is adopted. Commission staff will also be needed to review and assess the functioning of the CBAM system and to implement the IT system.
External staff	Many atsks can be carried out by external agents.

3.2.5. Overview of estimated impact on digital technology-related investments

Compulsory: the best estimate of the digital technology-related investments entailed by the proposal/initiative should be included in the table below.

Exceptionally, when required for the implementation of the proposal/initiative, the appropriations under Heading 7 should be presented in the designated line.

The appropriations under Headings 1-6 should be reflected as "Policy IT expenditure on operational programmes". This expenditure refers to the operational budget to be used to re-use/ buy/ develop IT platforms/ tools directly linked to the implementation of the initiative and their associated investments (e.g. licences, studies, data storage

etc). The information provided in this table should be consistent with details presented under Section 4 “Digital dimensions”.

TOTAL Digital and IT appropriations	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021 - 2027
HEADING 7					
IT expenditure (corporate)	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Policy IT expenditure on operational programmes	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

– ☐ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)

– ☒ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation

– ☐ requires a revision of the MFF

Additional IT expenditures are needed to cover IT development needed to implement changes related to implementation of the CBAM simplification procedures and implement the IT tools supporting detection of the irregularities and limiting the risk of fraud: 6.350M in 2025, 6.850M in 2026 and 5.750M in 2027 – in commitment appropriations. In addition, 2M are needed on an annual basis to cover studies, including to assess regularly the effectiveness of the CBAM as well as outreach activities, including external communication and training sessions with stakeholders. These costs were not covered in the previous LFS. The proposal requires transfering up to 25M from Heading 4 (11.0301 – CCEI) to Heading 3 (09.200401 – CBAM).

3.2.7. Third-party contributions

The proposal/initiative:

– ☒ does not provide for co-financing by third parties

– ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year **2024**	Year **2025**	Year **2026**	Year **2027**	Total
Specify the co-financing body					
TOTAL appropriations co-financed					

3.3. Estimated impact on revenue

– ☐ The proposal/initiative has no financial impact on revenue.

– ☒ The proposal/initiative has the following financial impact:

  – ☒ on own resources

  – ☐ on other revenue

  – ☐ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[1]				
		Year **2026**	Year **2027**	Year **2028**	Year **2029**	Year **2030**
Article 09 20 04 01		1,495	1,643	1,792	1,940	2,089

[1] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.

For assigned revenue, specify the budget expenditure line(s) affected.

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Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

Estimates on share of revenue affected was based on internal Commission calculations using Customs import data and default values. These were applied on revenue estimates from the Commission's 2021 impact assessment, which stood at approximately EUR 2.1 billion in 2030. Since less than 1% of emissions would not be captured under the new de minimis threshold, the foregone implied revenue for the year 2030 due to emissions not captured is estimated at approximately EUR 21,000,000.

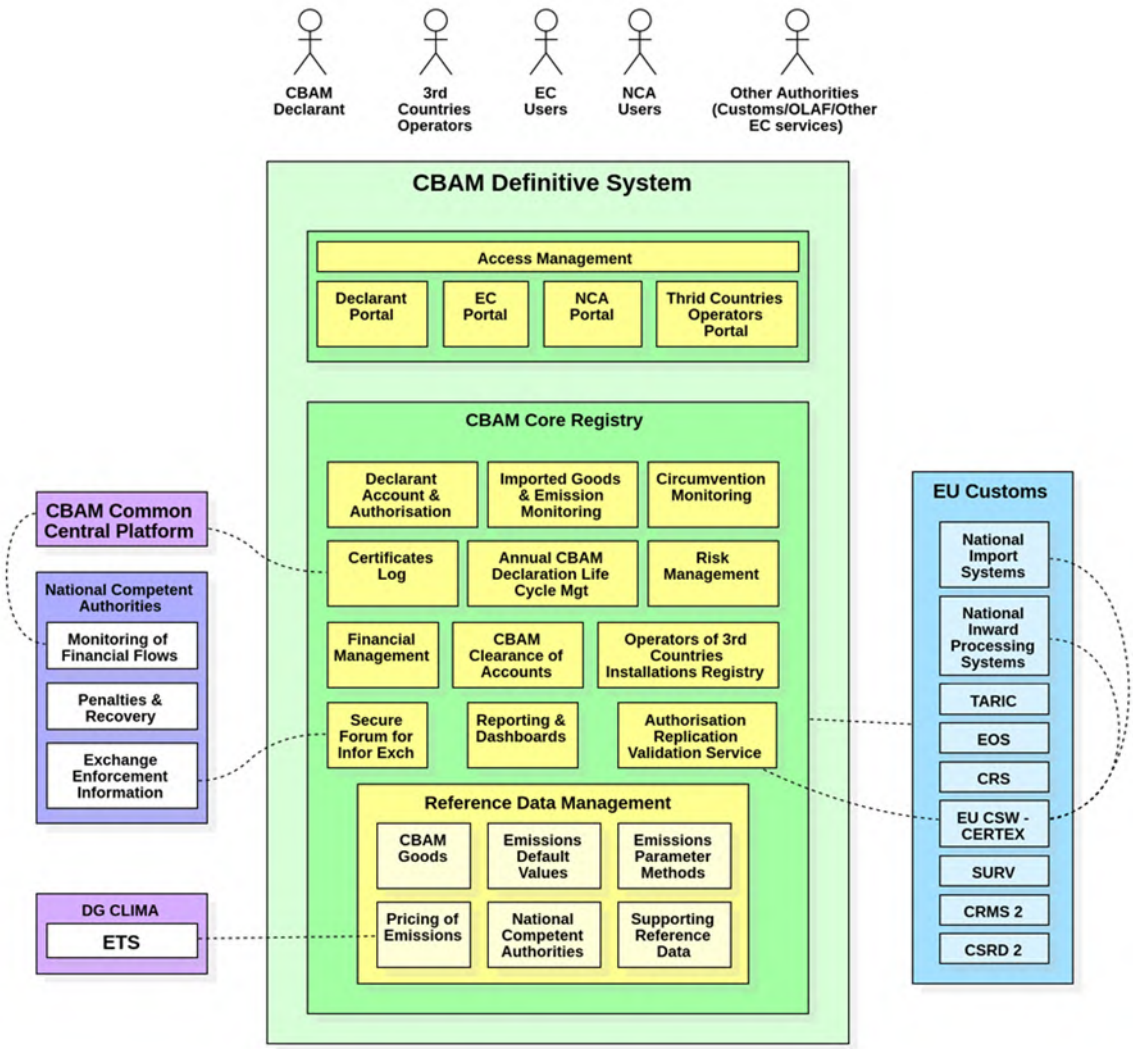
4. DIGITAL DIMENSIONS

There are not changes in that Digital concepts and architecture approved by CBAM Definitive system project charter, in terms of digital requirements, data used, digital solution, reusability assessment and Measures to support digital implementation.

The only change is related to the Risk management, Circumvention monitoring which was analyse and assessed and included in Project charter as place holder but not included in the Project Charter estimates. The key objective of the Risk management component is supporting detection of the irregularities and limiting the risk of fraud

Also, the simplification changes do not result in a change of the digital solution architecture, however, requires additional budget to implement the change to features and services already build by CBAM.

4.1. Requirements of digital relevance



As shown in diagram abvoe , the CBAM Registry gets import information for the CBAM goods from the EU Customs systems either from the MS or via DG TAXUD, along with the importers customs identification and the Customs classification of the imported goods. The CBAM system makes in return the CBAM authorisations of the CBAM Declarants available to the National Customs Import Systems to enforce the CBAM regulation at the import clearance of the CBAM goods. The CBAM Information system exchanges as well risk management information with the EU Customs systems. The interface with the EU Customs Systems is a vital feed for the operation of CBAM as the whole concept of CBAM is to avoid double capture of information by requesting the CBAM Declarants to complement their imports with a report of the emission incurred during their production in third Countries. The “data provided once” is a basic principle of CBAM.

CBAM will also interact with the **new** CBAM Mechanism (IT systems or other means) of the National Competent Authorities to foster the integration of the national CBAM enforcement processes across the MS and the national processes for the collection of penalties and recovery information.

Another key **new** external system for CBAM is the Common Central Platform (CCP), the Information System by which the CBAM Declarants will purchase the CBAM certificates from the Member States. The price of the certificates will be set by the allowance price defined

in the ETS system. The CBAM Declarants will need to keep their CBAM accounts in an 80% balance on a quarterly basis to ensure that they are in position to surrender the required number of certificates for offsetting their declared emissions and emission prices already paid in third Countries. The Commission will re- purchase the surplus certificates from the CBAM Declarants in name of the Member States. The Commission and the Member States must jointly establish and manage this platform, which is however outside the scope of the CBAM Registry. The interface with the CCP is vital for the CBAM Declarants to provision the necessary certificates in their CBAM accounts. The accounts and the certificates will be highly sensitive information.

The ETS system will simply set the selling price of the certificates.

The primary users of the CBAM Registry are the CBAM Declarants. DG TAXUD anticipates that they may amount to 200.000 in 2026 (following the adoption of the simplification the number of declarants will be reduced but it will be further extended by the CBAM extension for the downstream goods). They will use the CBAM Registry to declare the emission accrued on the production of their imported goods on a yearly basis (May of each year), to monitor the quarterly balance of their CBAM accounts in term of certificates versus declared imports and to interact with the National Customs Authorities during review of their CBAM declarations. The CBAM Declarants will first be vetted by the National Competent Authorities via the CBAM Registry and then be granted an authorisation to import CBAM goods and be given a CBAM account. The CBAM Declarants will then be able to declare annually their emissions in the CBAM Registry and to surrender the required certificates.

The Operators of the Installations producing the CBAM goods in the third countries will register on the CBAM Registry before entering the emission details of their products. The CBAM Declarants will be able to refer to the entries of the Operators to justify their reported emission. It is a significant measure to reduce the compliance burden of the CBAM Declarants and to improve the quality of the CBAM data. While there is no evidence to support an estimate at this stage, DG TAXUD guestimates the number of Operators at 50.000 in 2026.

The CBAM National Competent Authorities (NCA) will use the CBAM Registry to grant the access to the CBAM Declarants, to manage the CBAM Authorisations, to monitor the CBAM accounts and declarations and interact with the CBAM Declarants to ensure their compliance with the CBAM regulation. They are the single point of contact to the CBAM Declarants.

Other Authorities will be granted access to the CBAM Registry to contribute to the risk management and the enforcement from their respective areas of responsibilities. The CBAM Registry will coordinate and support the inter-agencies collaboration in fostering compliance. The National Customs Administrations will validate the CBAM Authorisation during the control of the import declarations using the replication and validation services of the CBAM Registry via the EU CSW-CERTEX.

The Commission will assign and maintain the CBAM accounts of the CBAM Declarants up to date in the CBAM Registry, combining the information from the imports received from National Customs Administrations, the emissions from the yearly declarations, the quantity of certificates, their purchase reported by the CCP, their yearly surrendering confirmed by the CBAM Declarant, and the re-purchase of unused certificates. The Commission will use the CBAM Registry to monitor the imported goods and associated emissions, for the risk

management, and particularly the risk of circumvention. The CBAM Registry will also offer a secure forum for the exchange of sensitive information between all Authorities having a responsibility in the enforcement of the CBAM regulation.

The access of all actors to the CBAM Registry via dedicated portals supported by a distributed access management across the stakeholders:

- The NCA will manage the access of the CBAM Declarants to the CBAM Declarant portal, using either national credentials already granted by the National Customs Administrations or an EU login one;
- The Commission will manage the access of the Operators of the third countries Installations, to the same name portal, using credentials granted by EU login. It remains to be clarified whether the Commission will rely on external trusted parties to delegate them the granting of the authorisation to access the CBAM Registry;
- The NCA, the Commission and other Authorities will each manage the access to their users.

The CBAM Core Registry depicts the automated processes that the Commission will operate to fulfil its obligations under the CBAM regulation, as summarised above. The Reference Data Management will be a key -office process ensuring the consistency and integrity of all automated processes serving the collaboration and cooperation between all stakeholders. Beyond the "simple" list of goods, of National Competent Authorities, and of the price of emission, they will list the specific parameters used to report emissions according to specific methodologies and the default value for the emissions as established. The default value is key for the plausibility validation of the declared emissions.

4.2. Data

CBAM will be processing following data assets

- CBAM Declarant Data. (Phase2)
- Operators of 3rd Countries and their Installations Data. (Phase2)
- CBAM Reference Data. (Phase2)
- CBAM Users' Access Management Data. (Phase2)
- CBAM Declarant/ Importer Functions. (Phase2)
- CBAM EU Commission Authorities Functions. (Phase2)
- Operators of 3rd Countries Installations (O3CIs) for Phase2 & Accredited Verifiers Functions (TBC Phase3).
- CBAM Declaration Data, Review, and Declaration Lifecycle Data. (Phase3)
- CBAM Imported Goods Data. (Phase3)
- CBAM Emissions & Calculations Data. (Phase3)
- CBAM Ledger (Registry) Data. (Phase3)
- CBAM Certificate Management Data. (Phase3)
- CBAM Non-Compliance Monitoring, Circumvention Investigation, and Risk Management Data. (Phase3)
- CBAM Reporting, Dashboards, Notifications, and Document Management Data. (Phase3)
- CBAM Secure Forum Data. (Phase3)
- National Competent Authorities Functions. (Phase3)

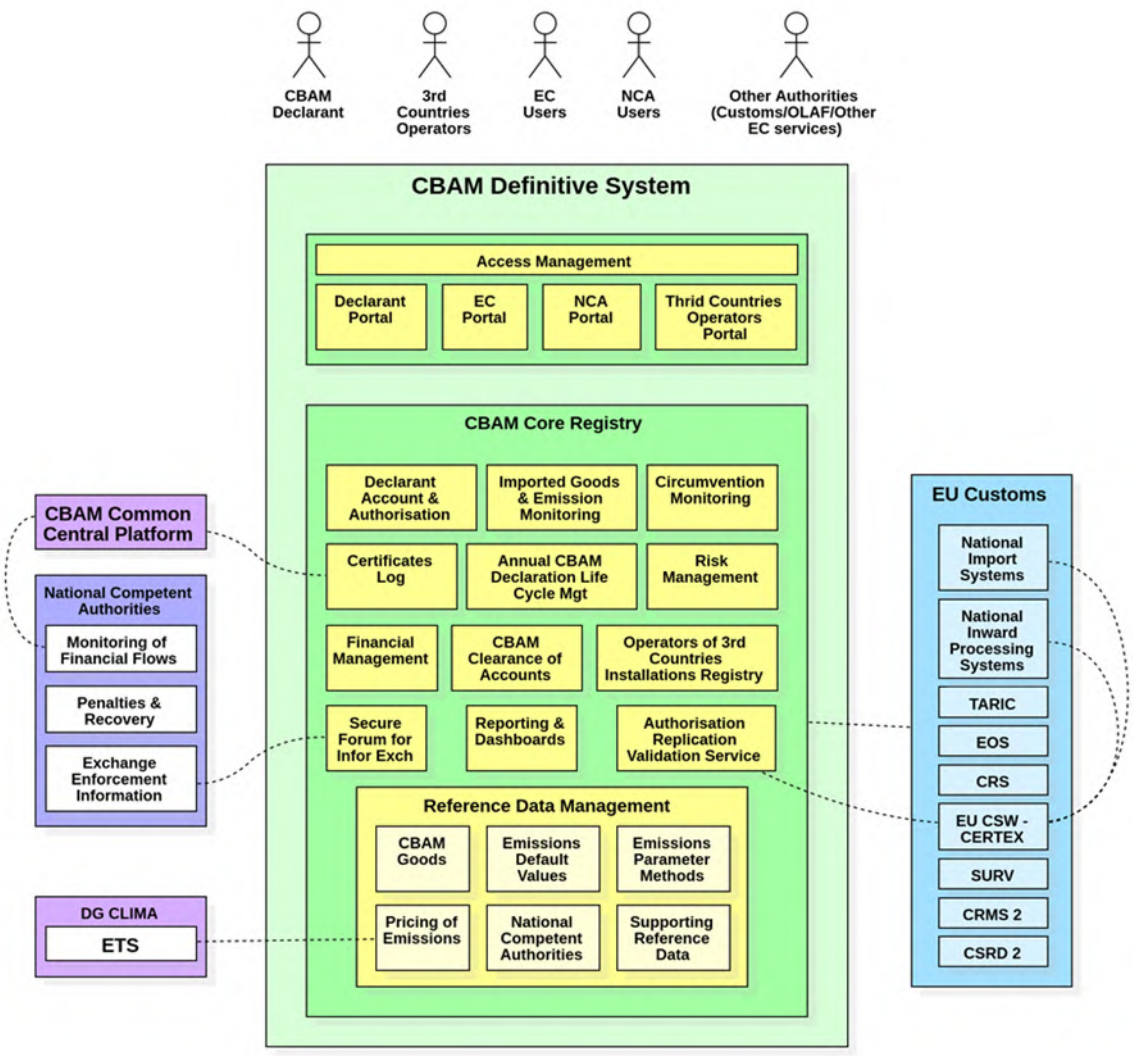
- CBAM Non-Compliance Monitoring, Circumvention Investigation, and Risk Management Function. (Phase3)

Further details for each data asset can be found in the table below

CBAM Definitive Primary Asset Description	Relevant Business Component/ Processes Description
BAM Certificate Management Data	CBAM Certificate Lifecycle Management provides information on certificates and number of certificates processed, their value, and manages the certificate's lifecycle, and for providing information for risk and non-compliance monitoring purposes.
CBAM Declarant Data	Declarant Authorisation & Declarant Replication & Validation Data. Declarant Account & Account Management Data. CBAM authorisation management in charge of lifecycle management of the CBAM authorisation granted by the NCA to importers or indirect representatives. Communicates the required information of the CBAM Declarant Account to CBAM Authorisation Replication and Validation Services (ARVS), that maintains the information on the CBAM Authorised Declarants to be provided to NCAs and National Customs Competent Administrations (NCCA) in charge of assessing the importer authorisations.
CBAM Declaration Data, Review, and Declaration Lifecycle Data.	Declaration Lifecycle Management & Declaration Reporting Data. CBAM Declaration Lifecycle (Declaration Creation, Imported Goods, Emissions, Review, Finalisation or Rejection) Management & Reporting.
CBAM Emissions & Calculations Data.	Calculation of CBAM Declarant imported goods emissions based on data obtained per declarant, reference data, registry data (declarant's own values), Operators & 3rd Countries (verification report), etc.
CBAM Imported Goods Data.	The NCA and Commission Portals feature interfaces that monitor the ingress of SURV3 data (incl. identifying issues) and enable users to manually input data, via file batch upload, for imported goods as well as data for inward processing goods. This data will then undergo processing, be stored within the Portals, and subsequently forwarded to the Registry Back End for consolidation.
CBAM Ledger (Registry) Data. Note: The exact data to be stored in the Ledger is not yet finalised. The main concept is that the Ledger is an immutable journal and appropriate security measures have been addressed. This asset will be re-assessed during P3.	Registry Ledger Account Processing & Transaction Data. CBAM Registry Ledger manages, accounts for, and registers journal entries of Declarant data (incl. account number) and transactions between related CBAM component relationships through an append-only data process and immutable data store (incl. for declaration lifecycle management, authorisation & account management, certificate management, risk & non-compliance monitoring, ARVS, etc.).
CBAM Non-Compliance Monitoring, Circumvention Investigation, and Risk Management Data.	CBAM information system used for tracking, monitoring, and enhancing potential or confirmed cases of irregularities & non-compliance in CBAM scheme. Identifying, monitoring, investigating, and reporting on circumvention and other illegal practices in non-compliance with CBAM Regulation. Risk Assessment (incl. results of declarations assessments) & management component to identify & assess risks (e.g. risk events analysis, verification reports, risk control results, etc.) relating to declaration review process & CBAM Registry Back-End potential irregularities & circumventions (further investigation). Integrates information and functionality between investigations, risk management, and secure forum for respective activities.

CBAM Reference Data.	Primary source for all CBAM reference data and ensures data consistency and integrity across all CBAM components (directly or indirectly).
CBAM Reporting, Dashboards, Notifications, and Document Management Data.	Critical tool for tracking and monitoring CBAM scheme and KPIs and relevant business metrics collection and analysis. Used to communicate business information to relevant users of CBAM system and scheme; this includes the ability for replying to notifications where necessary/ required. Used for the storage, retrieval, and management of documents affecting many compartments across the CBAM system.
CBAM Secure Forum Data.	Platform for ad hoc communication as well as sensitive information exchange between all authorities responsible for CBAM regulation implementation (NCAs, NCCAs, Commission, Other Authorities such as EPPO, OLAF etc.). All other structured and/ or un-structured information/ data sourced and/ or extracted from the CBAM system and stored and/ or processed in storage and media locations external to the CBAM system.
CBAM Users' Access Management Data.	Users' (e.g., declarants, Member States Customs Authorities, EC Authorities, etc.) access, login, and access management data to the CBAM system.
Operators of 3rd Countries and their Installations Data.	Allows operators of 3rd country installations producing CBAM applicable goods to register/ de-register (e.g. cessation of operations) as CBAM operators and provide relevant information regarding production processes/ methods, qualifying parameters, emissions data, and verification reports, etc. The relevant verification report may be made available for use by CBAM Declarants - this information includes confidential production and qualifying parameters data that may not be available to Declarants but only EU Commission and NCAs).
CBAM Declarant/ Importer Functions	Primary business functions performed by the Declarant/ trader relying on processes executed/ initiated through the CBAM Declarant portal.
CBAM EU Commission Functions	Primary business functions performed by the European Commission relying on processes executed/ initiated through the CBAM Commission portal.
CBAM Non-Compliance Monitoring, Circumvention Investigation, and Risk Management Function	CBAM information system used for tracking, monitoring, and enhancing potential or confirmed cases of irregularities & non-compliance in CBAM scheme.
National Competent Authorities Functions	Primary business functions performed by member state's national competent authorities (NCAs/ NCCAs) relying on processes executed/ initiated through the CBAM NCA portal.
Operators of 3rd Countries Installations & Accredited Verifiers Functions	Primary business functions performed by 3rd Country Operators & Installations and Accredited Verifiers (TBC) relying on processes executed/ initiated through the CBAM 3rd Country Operators & Installations portal.

4.3. Digital solutions



CBAM Registry High Level architecture will be made of 3 layers:

- The **portal layer** offering different portals for each of the user communities of the CBAM Registry: CBAM Declarants, Operators of the third countries Installations, CBAM National Competent Authorities, the Commission, The National Customs Administrations, OLAF, and other EC services;
- The **User Access Management layer**: to manage the Authentication and Authorisation of the users of the CBAM Registry. The National Competent Authorities will need to provide and manage the access of the CBAM Declarants (expected to be above 200.000 parties in 2026) while the Commission will do the same for the third countries Operators (estimated at 50.000 parties in 2026) each MS and EU administrations being in charge of the access of its own users;, each MS and EU administrations being in charge of the access of its own users;
- The **Back End**: to support all data and rule management required for CBAM as well as all interactions with external systems. To be noted that: to support all data and rule management required for CBAM as well as all interactions with external systems. To be noted that:
    - CBAM will implement numerous workflows, notifications, and exchanges of information across the Commission, the National Competent Authorities and

the CBAM Declarants, in particular in the areas of declaration submission, review (including risk assessment);

- The management of the Declarant accounts, the management CBAM certificates (potentially financial assets), the risk management and the secure exchange of information have high security requirements.

4.4. Interoperability assessment

CBAM is cross border by design as it supports the CBAM lifecycle across the EU, and in particular the orchestration of the Risk Assessment, review of the CBAM Declarations across all NCA and the Commission.

Collaboration across National Customs systems will be ensured, by leveraging the Commission's IT services and interfaces (such as SURV3, EU CSW - CERTEX), as well as new components, specifically designed for CBAM purposes.

The CBAM Registry has been designed to support interoperability by emphasizing use on openness, modularity, decoupling and robust interfaces. It will interact with the CBAM national systems, with the Common Central Platform, the EU Customs systems from DG TAXUD and the National Customs Administrations, with the other DG's systems via open interfaces

The CBAM Central Repository will use the existing interfaces of the EU Customs Systems managed by DG TAXUD and will define dedicated formats for the Customs Import and Inward Processing records to be provided by the National Customs Administrations. The new interfaces with the National Customs Systems will be published early 2024 to allow the National Customs Administrations enough lead time to prepare their systems accordingly.

The S2S interface between the CBAM Registry and the CCP will be based on structured messages exchange and be available early 2024 to allow enough lead time for both the CBAM Registry and the CCP to integrate their respective interfaces by mid-2025.

The S2S interface between the CBAM Registry and the CBAM National Systems (to be developed by the MS) will be based on structured message exchanges and also be made available early 2024.

The S2S interface with the systems of the other EU Authorities will be specified and developed on a bilateral basis during the elaboration and build of the CBAM Registry.

All these interfaces will be structured messages based and will comply as far as possible with the EUCDM and with the UCC Annex B. The A2B and B2B specifications will be referred in a CBAM Implementing Act

Reusability Constraints

The reusability is at the very heart of the architecture principles adopted for the CBAM Central Register. There are two sides to the reusability: use of external services by the CBAM Registry and re-use components in the build of the CBAM Registry.

Reusability from DG TAXUD services and components

The CBAM Registry will use the EU Customs Services offered by DG TAXUD out of the box to:

- retrieve the EORI information of the trader;
- get the customs import records available from Surveillance 3;
- get the CBAM goods from the TARIC system;
- offer the CBAM Authorisations Replication and Validation service to the National Customs Systems via the EU CSW-CERTEX and;
- exchange secure information with the CRMS2 system.

The user access management of the portals of the CBAM Registry will be entrusted to UUM&DS, allowing the willing MS to re-use the Customs credentials of the CBAM Declarants to provide them access to the CBAM Declarant portal and the Commission (or trusted third parties) to grant access right to the Operators of the third countries Installations to their EU Login authentication credentials.

The CBAM Registry will reuse several technology components of the DG TAXUD and Corporate IT landscape without compromising its compliance with the floatability principle spelt out in the Architecture Overview in appendix 2, namely:

- The DG TAXUD TSOAP middleware architecture which will be reused in each of the CBAM Registry compartments;
- The monitoring and auditing COTS Elk and Kafka;
- The sources of the Customs application framework management (TATAFng) of DG TAXUD;
- The documentation and source code of the Customs Decision Management System of DG TAXUD for the built of the CBAM Authorisation system;
- The documentation and source code of the Customer Reference System of DG TAXUD to provision the CBAM Authorisations to the National Customs Systems for their control during the import clearance;
- The documentation and source code of the Customs Risk Management System 2 (CRMS2) of DG TAXUD to provision the Secure Forum for Exchange of Information;
- The DG TAXUD TEMPO methodology, including PM²;
- The 2 Data Centres of DG TAXUD for the testing, integration and for as long as the CBAM Registry operation is entrusted to DG TAXUD, along with their firewalling, Active-Active clustering, the load balancing and the 2 DC Active-Passive to ensure the scalability, High Availability, Disaster Recovery, some of the security needed by the CBAM Registry.

To be noted that DG TAXUD has followed all recommendations from DIGIT since 2014 when designing Business Application Services, Data Services and Utility Services for its generation of SOA applications.

Reusability from EU corporate services and components

The CBAM Registry will use EU Login for the authentication of the CBAM declarants of the MS being UUM&DS type D, of the Operators of the third Countries Installations and all officials of the National Competent Authorities, of the Commission, of the National Customs Administration and other Commission services. The CBAM Registry will use the Customs

eIDAS eID network for the authentication of the CBAM Declarants from the MS UUM&DS type A, B & C.

The CBAM Registry will use UUM&DS for the authorisation of all its users.

A migration from UUM&DS to EU Access will be considered when all functionalities of UUM&DS will be offered by EU Access, including the support of the Customs eIDAS eID network.

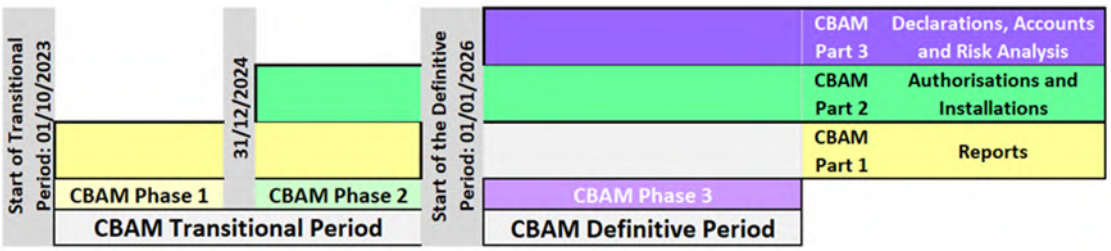
The CBAM Registry will make available the CBAM public information on Europa.

In addition, DG TAXUD is keen to maximize the re-use of Corporate services and components that would meet some of the CBAM requirements, de-risk its timely deployment and secure the quality of its operation while lowering its CAPEX and OPEX.

4.5. Measures to support digital implementation

The CBAM regulation defines the deployment of the CBAM Registry in two periods declined in 3 consecutive phases:

- **Period perspective**: a progressive deployment during a Transitional Period from the Q4 2023 until the Q4 2025, followed by a Definitive Period from Q1 2026.
  - During the **Transitional Period,** the CBAM importers report the emission of their imported goods quarterly but do not have to purchase and surrender certificates. It is the running in period of the CBAM scheme.
  - During the **Definitive Period**, starting on 01 January 2026, the CBAM Declarants must be authorised, they declare their emissions once per year, they purchase certificates to keep their CBAM account at minimum 80% balance between their emissions and the purchased certificates, and they surrender their certificates with their yearly declarations.
- **Phase & Part perspective**:
  - **CBAM Phase 1**: the "CBAM reports" by the importers of CBAM goods (so called Part 1), to be used during the whole Transitional Period as from Q4 2023 (out of scope of the Project Charter);
  - **CBAM Phase 2:** the "CBAM reports" provided by the importers of CBAM goods (Part 1), the CBAM Declarant Authorisation and the registration of the Operators of third countries Installations (so called Part 2) as from 31 December 2024 in anticipation of the Definitive Period;
  - **CBAM Phase 3:** The Part 2 augmented with the CBAM declarations and certificates along with the full CBAM account management (so called Part 3) as from the start of the Definitive Period but without Part 1 "CBAM Reports" as from the end of the Transitional Period 31 December 2025.



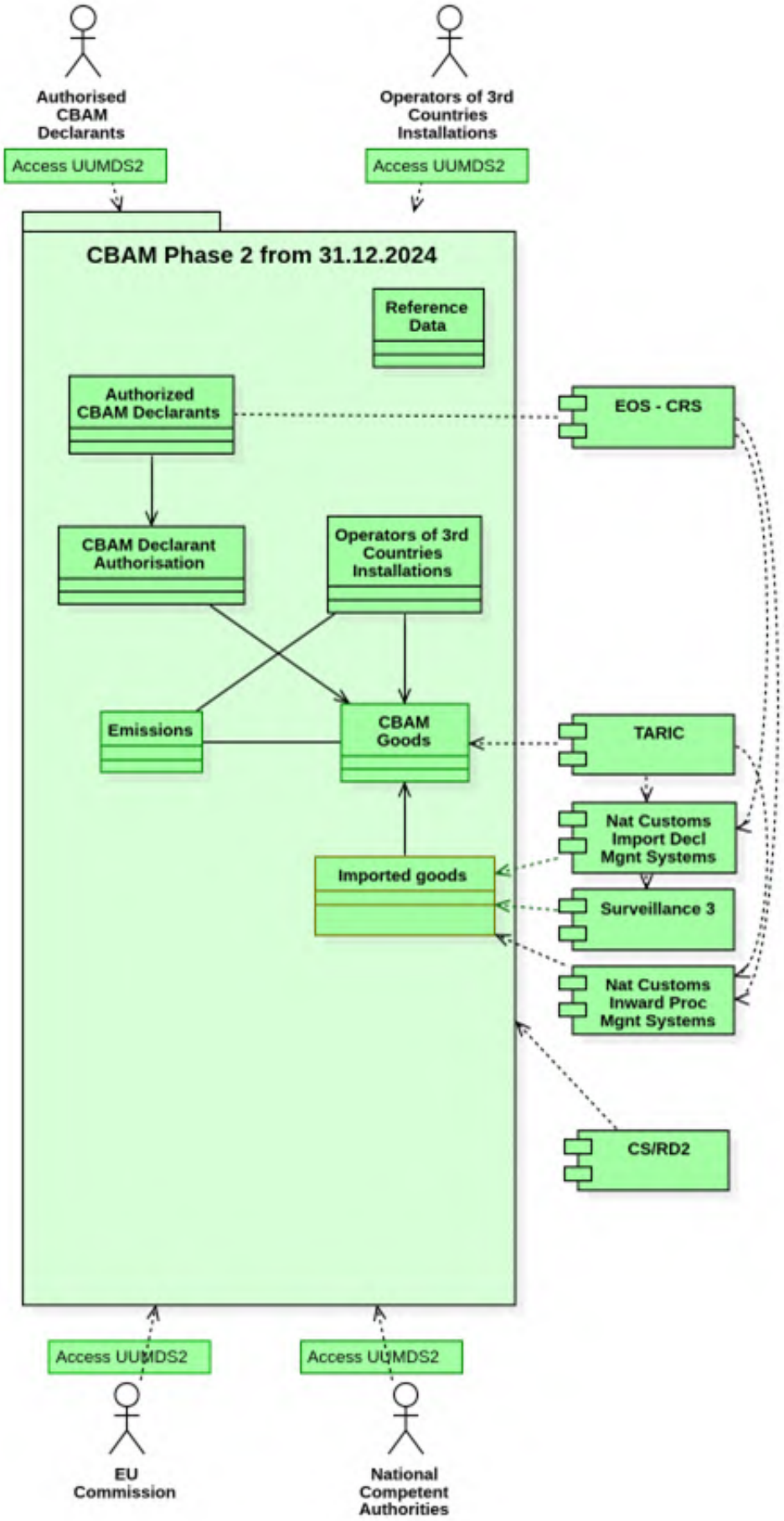
Deployment in two phases/parts of the CBAM Registry

The CBAM Phase 1 (implementation of CBAM Part 1 and its operation from Q4 2023 until end 2025 is entirely covered by the Project Charter of the Transitional Period

The two figures below illustrate the approach to deliver the full scope of the Definitive System in two phases, depicting the user communities, the external systems at play and the main entities being managed in the scope of the respective phases. Refer to the next section for the definition of the external systems and entities.

CBAM Part 2 Scope: on top of Part 1, The "CBAM reports" by the importers of CBAM goods, comes the Part 2 "CBAM Authorisation and Installations" (both in green in the following diagrams), which will enter in operation on 31 December 2024 as mandated by the CBAM regulation. Both Part 1 and Part 2 will then be further maintained and evolved during the remaining of the Transitional Period. The "CBAM Authorisation and Installation" will be integrated in the CBAM Definitive System while the "CBAM reports" will be phased out at the end of the Transitional Period. The Part 1 and Part 2 interface the CBAM Registry with the National Customs Import Systems, with the National Customs Inward Processing Systems and the supporting EU Customs systems of DG TAXUD to foster compliance at minimal burden for trade. CBAM Part 2 comes in anticipation of the Definitive System by delivering its first component.

The CBAM Phase 2 Timeline: It starts on the 31 December 2024 and ends on the 31 December 2025 with the start of the Definitive Period. The user community is extended to the Operators of the Installations in the third countries while the CBAM Declarants will need to obtain the required authorisations for the Definitive Period.


Authorised CBAM Declarants
Operators of 3rd Countries Installations
Access UUMDS2
Access UUMDS2
CBAM Phase 2 from 31.12.2024
Reference Data
Authorized CBAM Declarants
EOS - CRS
CBAM Declarant Authorisation
Operators of 3rd Countries Installations
Emissions
CBAM Goods
TARIC
Nat Customs Import Decl Mgnt Systems
Imported goods
Surveillance 3
Nat Customs Inward Proc Mgnt Systems
CS/RD2
Access UUMDS2
Access UUMDS2
EU Commission
National Competent Authorities

CBAM Part 3 Scope: The "CBAM Declarations, Accounts and Risk Management" part (in purple in the following diagram), will enter in operations at the start of the Definitive Period scheduled for the 1 January 2026. It constitutes the core of the CBAM definitive system. CBAM Part 3 also includes the interfaces with the National Import Systems for the CBAM Authorisations via the EU CSW-CERTEX, the Common Central Platform for the purchasing of CBAM Certificates, ETS, OLAF, and the Systems of the National Competent Authorities. Furthermore, it adds the **CBAM Certificates capabilities** to the CBAM Registry as well as all the Risk Management ones. As the CBAM Certificates and Risk Management modules handle confidential information and monitor cases of circumvention and non-compliance, CBAM Part 3 manages sensitive information and requires highly secure processes. This part will be further maintained and evolved during the Definitive Period.

The CBAM Phase 3 Timeline: It starts on the 1 January 2026 and matches with the Definitive Period. During this phase, only the parts 2 & 3 of CBAM will operate in parallel and in close interaction, as the Part 1 was specific for the Transitional Period and is phased out. The user community is extended to the National Customs Administrations

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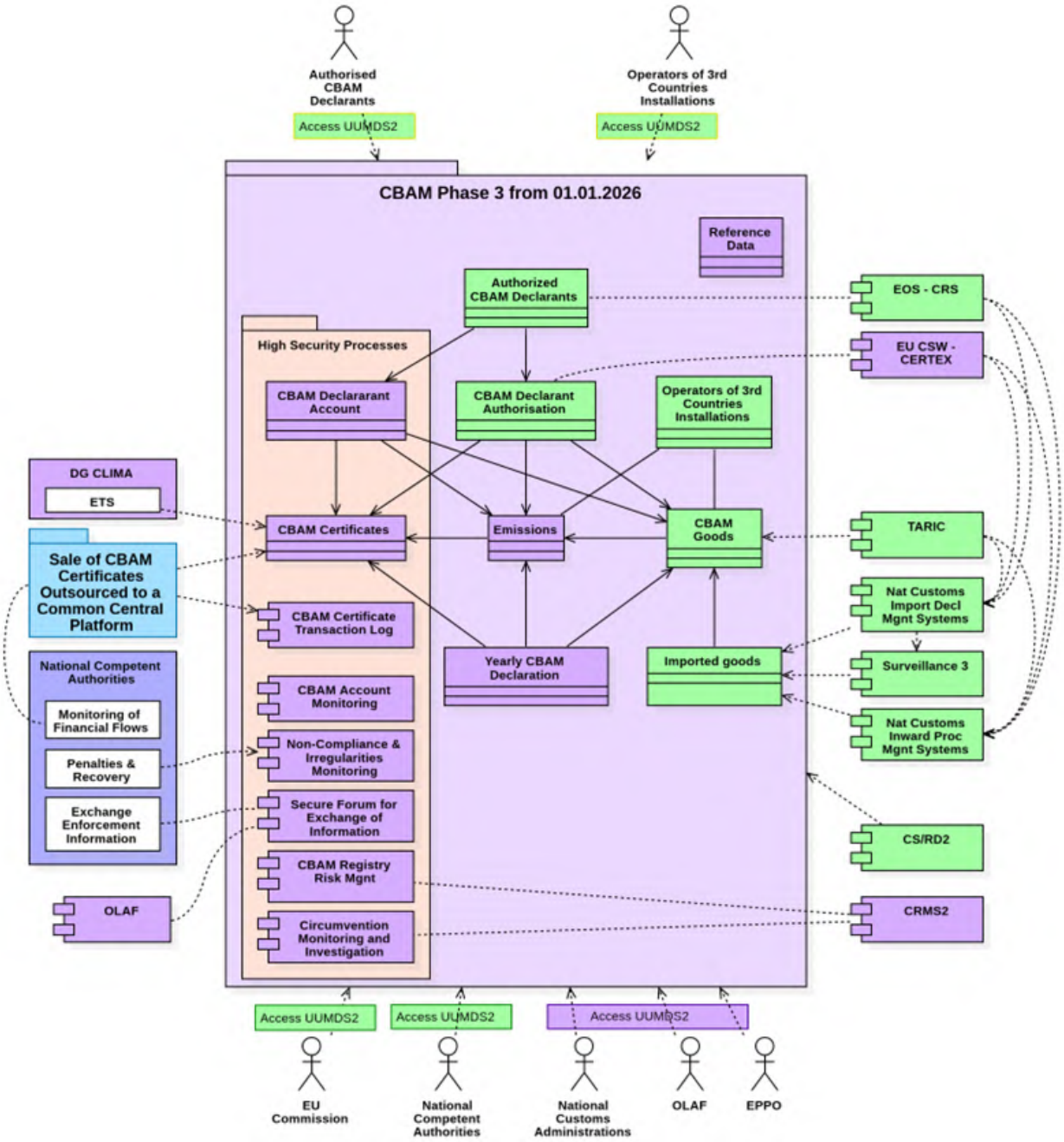

CBAM Phase 3 - High Level Architecture