

## Simplified reporting of imports of goods under the CBAM available only until 31 July

By the end of July, the deadline for importers to submit the CBAM report for the second quarter of 2024 will pass. For the last time, default values will be used during reporting to determine the amount of embedded emissions associated with a given good.

### What is the CBAM?

The Carbon Border Adjustment Mechanism is a new EU mechanism that aims to adjust the prices of certain goods imported into the EU by taking into account the carbon dioxide (and other greenhouse gas) emissions associated with their production. The need for its introduction stems from the fact that, due to extensive decarbonisation regulations within the Union, goods offered by European producers are becoming less price competitive with those produced in third countries, which are subject to increased imports.

As a consequence, global CO<sub>2</sub> emissions are not effectively eliminated by EU climate policy, but rather shifted to third countries. A concomitant objective of the introduction of the CBAM is to create a **system of incentives for emission reductions** in the production process in third countries.

### Transitional period underway

The full implementation of the CBAM certificate purchase mechanism is planned for **early 2026**. A transitional period is currently underway. Importers are required to report on the quantities of imported goods, as well as the emissions associated with them and the charges for these emissions.

As envisaged by the EU regulation, during the transitional period, customs authorities should inform declarants of the need to provide certain information. The aim is to support the data collection process and spread awareness of the need to apply for the CBAM authorised declarant status where appropriate.

The reports cover the period **from 1 October 2023 to 31 December 2025**.

### Simplified reporting only until 31 July

Reporting during the transitional period is linked to the obligation to indicate the level of embedded emissions. This involves a great amount of data collection and complex calculations.

However, **until 31 July 2024**, any imports of goods for which the declarant does not have all the necessary information can be reported using, among other things, default values for embedded emissions. A list of these data has been prepared and published by the European Commission. With this solution, reporting at the initial stage of the CBAM Regulation is significantly simplified.

**Now, for tomorrow**

## Possibility to modify reports

Please note that for the first two reporting periods (i.e. the last quarter of 2023 and the first quarter of 2024), the possibility for the declarant to modify the submitted report has been extended **until 31 July 2024**. For subsequent reporting quarters, the submitted report can be modified within 2 months of their completion.

## Imported goods covered by CBAM

The need to comply with the new carbon regulations applies to importers of materials such as cement, cast iron, steel, aluminium, hydrogen, fertilisers and electricity.

## Possible penalties

Under the legislation, entities that fail to comply with the new obligations to report imports of high-emission goods may be subject to penalties of between €10 and €50 per tonne of unreported emissions.

## Contact

If you have any questions about CBAM reports and legal support for business, please do not hesitate to contact our experts:



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