

FESI Q&A on the Regulation establishing a Carbon Adjustment Mechanism (CBAM)

Update as per Omnibus I revision

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1. Why a CBAM?

The CBAM aims to prevent carbon leakage, defined as the action of moving carbon-intensive production outside of the EU to take advantage of laxer standards, potentially replacing EU products with more carbon-intensive imports.

The Commission's Regulation proposal on establishing a carbon border adjustment mechanism (CBAM) was published on 14 July 2021 and was adopted on 17 May 2023. The CBAM entered into

application in its transitional period on 1 October 2023, with the first quarterly reports due by 31 January 2024. The definite period will start on 1 January 2026. CBAM was revised as part of the Omnibus I Simplification Package and entered into force on 20 October 2025. The revised Regulation is directly applicable. However, different provisions have different applicability dates/deadlines. The new rules aim to exempt about 90% of importers, while still covering approximately 99% of the total emissions. The key changes introduced are the following:

1. A **new *de minimis* mass threshold** of 50 tonnes per importer
2. New CBAM representative figure introduced to support declarants
3. Modified calculation of emissions and verification of emissions
4. Revised penalties
5. Revised deadlines to register as CBAM importer
6. Revised deadlines to purchase certificates

2. Which sectors are currently covered?

Since the entrance into application of its transitional period (since 1 October 2023), the CBAM reporting requirements only covered the imports of the following products: **cement, iron and steel, aluminium, fertilisers, hydrogen, electricity, as well as some products containing them** (full list of iron, steel and aluminium products in the annex paragraph below). Other sectors that might be included in the future will be communicated in due time.

This means that if you have, for example, imported aluminium from a non-EU country for the manufacturing of bicycles or snowboards, you will be included in the CBAM scope.

All goods falling under the CBAM scope imported into the EU Customs Union from a non-EU country fall under the scope of the CBAM Regulation and must therefore be reported. However, goods imported from EEA countries do not need to be reported, as these countries have an emission trading system (ETS) linked to the EU ETS system.

If an importer of CBAM goods into the EU is based in Switzerland or in the EEA, the reporting declarant for CBAM purposes must be an indirect customs representative hired by the importer.

3. How to report?

The report shall include the information below referred to in Article 35 of the CBAM Regulation (available [here](#)):

- the total quantity of each type of CBAM good
- the actual total embedded emissions

- **the total indirect emissions:** determined by multiplying the electricity consumed to produce a CBAM good with a relevant emission factor. The emission factor could be based on the electricity grid or represent an actual emission factor. The emission factor based on the country's electricity grid is made available within the CBAM transitional registry.

- **the carbon price due in a country of origin**

The reporting can be done through the registry available [here](#). The step-by-step reporting guidelines are available [here](#). Specific sectoral information on imported goods requirements (such as aluminium) are available [here](#). For imports until 30 June 2024, 100% of the total embedded emissions may be determined using default values, available [here](#). For the remaining transitional period (i.e. for imports from 1 July 2024 to 31 December 2025), estimated values may be used but a quantitative limit is applied: for complex goods, up to 20% of the total embedded emissions, considering the entire production chain, may be then determined using estimations (using default values provided by the Commission would qualify as 'estimation'). Emission factors from life-cycle assessments (LCA)/life-cycle inventory databases are not accepted for calculating embedded emissions in the CBAM report.

Non-EU producers should provide the information on embedded emissions for goods subject to CBAM to the EU-registered importers of their goods. In cases where this information is not available, EU importers will be able to use default values to determine the embedded emissions which must be reported in the CBAM declaration and the number of certificates they need to surrender during the definite period. However, it will likely be more favourable for importers to provide the calculation of embedded emissions.

Following the revision of the Regulation, the following changes were made*:

- **Default values and verification:** Under the new rules, if an importer uses default emission values (set by the Commission for product-country pairs) for their CBAM goods, those default values no longer need to be verified by an accredited third party.
- The **alternative default value** (used when reliable data is lacking) will be set more strictly — typically using the average emission intensity of the 10 exporting countries with the highest emission intensities. This gives more conservative (higher) default values to avoid underestimating emissions.
- In the case of **input products / finishing processes**, the obligation to consider emissions from certain finishing operations of aluminium, steel and iron may be excluded. In other words, only emissions from upstream / input materials (explicitly listed in Annex I) are considered, not all finishing steps.

- Electricity is newly added in **Annex II** for emissions calculation: for electricity, only **direct emissions** from its generation are counted (i.e. not indirect downstream emissions).
- The scope of input materials to be considered is narrowed: only input materials explicitly listed in Annex I (and originating in non-exempt third countries) need be included.

*more information will be given on changes on emissions calculation as soon as the Commission updates its official guidelines accordingly.

4. Can carbon capture (CCU) and storage (CCS) be used to reduce emissions?

Such emission reductions can be taken into account when determining embedded emissions in CBAM goods, provided that certain criteria are met. These conditions are spelled out in Annex III, Section B.8.2 to the [Implementing Regulation](#).

5. Reports verification

Verification by an external independent body will only be mandatory from 2026 for reporting based on actual values. The European Commission will work during the transitional period on supplementary legislation that will establish the rules on accreditation and verification.

6. Submission period deadlines

This report shall include the information on the goods falling within the CBAM scope which were imported during the previous quarter and should not be submitted later than one month after the end of that quarter.

October – December 2024: deadline **January 31, 2025**

January – March 2025: deadline **April 30, 2025**

April – June 2025: deadline **July 31, 2025**

July – September 2025: deadline **October 31, 2025**

October– December 2025: deadline **January 31, 2026**

7. Can you delay reporting?

The functionality for reporting declarants to request delayed submission directly in the CBAM Transitional Registry (“request delayed submission (technical error)”) is no longer available.

The declarant can nonetheless request to submit a report with a delay by clicking on the “Request delayed submission” button. The “Request delayed submission” button will appear in “My Quarterly Reports” on the day following the submission period due date. The functionality to request delay “Requested by NCA2” shall be used only after an interaction between the competent authorities and the declarants. More information on how to request a delay through this new system is available [here](#).

8. Can you modify a report?

A report can be modified up until 30-days after the end of the quarterly report deadline. When the delayed report request is submitted more than 30 days before the foreseen quarterly report modification period deadline (e.g., 31 July for Q4-2023) then the modification period deadline does not change. On the other hand, when the delayed report request is submitted less than 30 days before the end of the modification period, then the modification period will be 30 days starting from the date the delayed report submission was requested.

9. Who is responsible for reporting obligations?

Customs authorities will inform customs declarants of their obligation to report information during the transitional period. **The reporting declarant will either be the importer or the indirect customs representative depending on who lodges the customs declaration.**

When they intend to become reporting declarant for CBAM purposes, economic operators must contact the national competent authority (NCA) of the Member State where they are established. The provisional list of NCAs can be found [here](#).

1. The importer when:

(i) the importer lodges a customs declaration for release for free circulation of goods in its own name and on its own behalf; and when (ii) the importer is also the declarant holding an authorisation to lodge a customs declaration and declares the import of goods;

2. The indirect customs representative when:

(ii) the customs declaration is lodged by the indirect customs representative; in cases where the importer is established outside of the Union; or (iii) when an indirect customs representative has agreed to the reporting obligations. **The appointed indirect customs representative shall be established in the EU.**

3. A CBAM representative under the revised regulation when:

(iv) A CBAM declarant wants to delegate the submission of the CBAM declaration and related tasks to a third party (e.g. a specialised service provider or consultant). The representative must be **established in an EU Member State** and have an **EORI number**. Even where tasks are delegated, the **authorised CBAM declarant remains fully liable for compliance**.

The importer is free to use different indirect customs representatives, each being accountable for the specific CBAM goods that they have introduced in their customs declaration. An indirect customs representative can also carry out the CBAM reporting obligation for multiple importers.

From January 2025 onwards, CBAM declarants will be able to apply for the ‘**authorised CBAM declarant**’ status via the CBAM Registry. Their application will be processed by the National Competent Authority of the EU Member State where they are established. This status will become mandatory as of 1 January 2026 for the import of CBAM goods in the EU customs territory.

From January 2025, a new portal section of the CBAM Registry will allow installation operators outside the EU to upload and share their installations and emissions data with reporting declarants in a streamlined manner, instead of submitting it to each declarant separately. The portal will allow operators to ensure the confidential treatment of business-sensitive data. Reporting declarants will then be able to automatically populate their CBAM reports with this emissions data in order to comply with their reporting obligation.

10. Exemptions

The revised version of the CBAM Regulation, introduces a **new *de minimis* mass threshold** of 50 tonnes per importer, replacing the current threshold exempting consignments with a value of less than 150 euro. This means that importers whose total annual imports of CBAM goods in scope (iron, steel, aluminium, cement, and fertilisers) remain below the 50-tonne cumulative threshold (mainly SMEs) are exempt from the CBAM authorisation and declaration obligation and from the obligation to purchase CBAM certificates. The importers making use of this exemption must indicate it in their customs declaration by identifying themselves as “occasional CBAM importers”. This new exemption will be applicable from 1 January 2026.

11. Penalties

Reporting declarants may face penalties ranging between EUR 10 and EUR 50 per tonne of unreported emissions. As part of the revision, it was decided that when applying penalties, National Competent Authorities (NCA) should be able to take into account the specific circumstances concerned, such as

the duration, gravity, scope, intentional or negligent nature or repetition of the non-compliance or the level of cooperation of the authorised CBAM declarant. This would allow for a reduction of the amount of the penalty where minor or unintentional errors are made.

Penalties are applied when:

a) The reporting declarant has not taken the necessary steps to comply with the obligation to submit a CBAM report.

b) The CBAM report is incorrect or incomplete, and the reporting declarant has not taken the necessary steps to correct the CBAM report after the competent authority initiated the correction procedure.

12. What happens after the transitional period?

Under the original CBAM Regulation, importers were expected to start buying and surrendering CBAM certificates from **1 January 2026**. However, the **Omnibus I Regulation** has now **postponed the first purchase of certificates to 1 February 2027**. This means that importers will start building up CBAM obligations in 2026 — they must calculate and report the embedded emissions of their imports — but they will only be able to buy and hand in the necessary certificates in 2027. In other words, the obligation starts in 2026, but the first payments happen in 2027.

1. Authorised CBAM declarants will buy CBAM certificates from the Member State where they are established. All purchases will take place on the common central platform. Only authorised CBAM declarants will be allowed to purchase CBAM certificates. According to the revised text, CBAM declarants will have to buy a number of CBAM certificates which corresponds to at least 50% of the emissions embedded in the CBAM goods that they have imported into the EU since the start of the year (previously 80% before the revision)

The Commission will calculate the price of CBAM certificates on a weekly basis, as the average of the closing prices of EU ETS allowances on the auction platform. Each CBAM certificate will correspond to one tonne of CO₂ equivalents emitted.

2. Authorised CBAM declarants will now have to submit their annual declaration in the CBAM registry by 30 September each year and for the first time by 30 September 2027 for the year 2026. The annual declaration will indicate the number of CBAM certificates which they will have to surrender.

3. By 30 September each year and for the first time by 30 September 2027 for the year 2026, authorised CBAM declarants will surrender the number of CBAM certificates, in the CBAM registry, which they have declared in their annual declaration for the same year.

Rules concerning the registration of importers will change at the beginning of 2026 as part of the CBAM revision to avoid disruptions for businesses. Importers who submit their application for authorisation as CBAM declarants by 31 March 2026 will be allowed to continue importing CBAM goods while their application is under review, provided certain conditions are met. However, if their application is later rejected, penalties will apply retroactively from 1 January 2026.

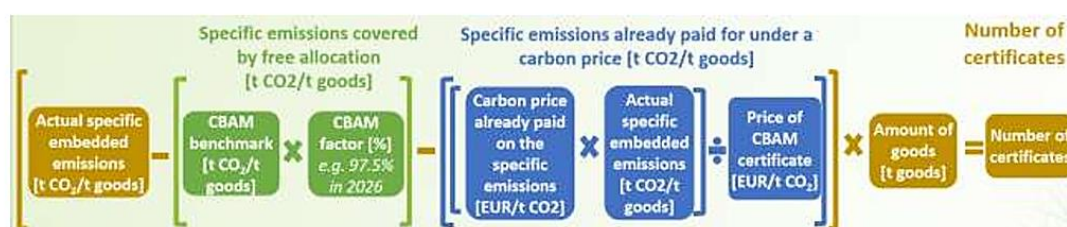


Figure 1 Calculation of CBAM certificates to be surrendered (European Commission, 2024)

13. Useful links

- Revised text of the Regulation establishing a carbon border adjustment mechanism (as part of Omnibus I), available [here](#)
- Regulation establishing a carbon border adjustment mechanism (CBAM), available [here](#)
- Implementing Regulation amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff, available [here](#)
- Implementing Regulation laying down the rules for the application of the carbon border adjustment mechanism during the transitional period, available [here](#)
- More detailed information on the CBAM implementation (last update May 2024), available [here](#)
- General CBAM Q&A document (last update December 2024), available [here](#)
- Self-assessment tool to check for scope of CBAM products, available [here](#).
- CBAM reporting transitional registry, available [here](#)
- Information on how to request a submission delay after October 2024, available [here](#)

- Provisional list of National Competent Authorities (NCAs) (last update March 2024), available [here](#)
- Step by step registry user manual (last update July 2024), available [here](#)
- Default values for the CBAM transitional period (December 2023), available [here](#)
- Webpage with legislative documents and sector specific information, available [here](#)

14. Annex I – Byproducts in scope

Products containing aluminium that need to be reported

(Annex I, II of the Regulation establishing a carbon border adjustment mechanism):

CN codes:

7601 – Unwrought aluminium

7603 – Aluminium powders and flakes

7604 – Aluminium bars, rods and profiles

7605 – Aluminium wire

7606 – Aluminium plates, sheets and strip, of a thickness exceeding 0,2 mm

7607 – Aluminium foil (whether or not printed or backed with paper, paper-board, plastics or similar backing materials) of a thickness (excluding any backing) not exceeding 0,2 mm

7608 – Aluminium tubes and pipes

7609 00 00 – Aluminium tube or pipe fittings (for example, couplings, elbows, sleeves)

7610 – Aluminium structures (excluding prefabricated buildings of heading 9406) and parts of structures (for example, bridges and bridge-sections, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, balustrades, pillars and columns); aluminium plates, rods, profiles, tubes and the like, prepared for use in structures

7611 00 00 – Aluminium reservoirs, tanks, vats and similar containers, for any material (other than compressed or liquefied gas), of a capacity exceeding 300 litres, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment

7612 – Aluminium casks, drums, cans, boxes and similar containers (including rigid or collapsible tubular containers), for any material (other than compressed or liquefied gas), of a capacity not exceeding 300 litres, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment

7613 00 00 – Aluminium containers for compressed or liquefied gas

7614 – Stranded wire, cables, plaited bands and the like, of aluminium, not electrically insulated

7616 – Other articles of aluminium

Products containing iron or steel that need to be reported:

CN codes:

72 Iron and steel (except: 7202 2 – Ferro-silicon, 7202 30 00 – Ferro-silico-manganese, 7202 50 00 – Ferro-silico-chromium, 7202 70 00 – Ferro-molybdenum 7202 80 00 – Ferro-tungsten and ferro-silico-tungsten, 7202 91 00 – Ferro-titanium and ferro-silico-titanium, 7202 92 00 – Ferro-vanadium, 7202 93 00- Ferro-niobium, 7202 99 10-phosphorus, 7202 99 30-Ferro-silico-magnesium, 7204-Ferrous waste and scrap; remelting scrap ingots and steel).

7301 – Sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements; welded angles, shapes and sections, of iron or steel

7302 – Railway or tramway track construction material of iron or steel, the following: rails, check-rails and rack rails, switch blades, crossing frogs, point rods and other crossing pieces, sleepers (cross-ties), fish- plates, chairs, chair wedges, sole plates (base plates), rail clips, bedplates, ties and other material specialised for jointing or fixing rails

7303 00 – Tubes, pipes and hollow profiles, of cast iron

7304 – Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel

7305 – Other tubes and pipes (for example, welded, riveted or similarly closed), having circular cross-sections, the external diameter of which exceeds 406,4 mm, of iron or steel

7306 – Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel

Are tent poles and tent pegs in scope?

Products classified under CN code 7326 (other articles of iron and steel) and 7616 (other articles of aluminium) include (among others) tent pegs, tent poles, carabiners, keychains and **are in scope**.

Are screws in scope?

Products classified under CN code 7318 include screws, bolts, nuts, rivets, washers (among others) of iron and steel and **are in scope**.

Are water bottles in scope?

Products classified under CN code 9617 include vacuum flasks and other vessels such as vacuum thermal water bottles and are **not in scope**.

Are sports equipment in scope?

Articles and equipment classified under CN code 9506 for general physical exercise, gymnastics, athletics and other sports (including table tennis) or outdoor games not specified and included in Annex I, including ski poles, are **not in scope**.

*For more details on specific codes and byproducts in scope, see Chapter 76 of [Implementing Regulation amending Annex I to Council Regulation \(EEC\) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.](#)
