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A&M Spotlight

CBAM Countdown: Navigating Duties and Business Impact

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Carbon Border Adjustment Mechanism – What is it?

EU mechanism to prevent carbon leakage by applying CO_2 pricing to imports of carbon-intensive goods, with the following **timeline**:

Transition phase including Omnibus simplifications (2023-2025)

- Reporting obligations in force since October 2023; quarterly reports on imports, emissions, and CO_2 prices that are due in a third country.
- Fines for non-compliance; de-minimis threshold exempts imports ≤50 tons/year.

Definitive period (starting January 2026)

- Only approved CBAM declarants may import CBAM goods (if de-minimis rule is not applicable).
- Annual declarations due by September 30 of the following year; independent third-party validation of declared values required.

Adjustments and expansion (2027–2030)

- Certificate purchase for 2026 CBAM imports starts February 2027.
- CBAM scope may expand to chemicals/polymers by 2030; free allowances under EU Emission Trading System (ETS) phase out by 2034.

Why Act Now?

Authorized CBAM declarant: status mandatory from 2026 for importation

- Registration open since March 2025 via the EU's Authorization Management Module (AMM).
- Requires i.a., EORI number, portal access, supporting docs; approval may take up to 180 days.
- Failure to register will block imports of covered goods starting January 2026.

Consider costs for certificates in financial planning as they will impact EBITDA

- Companies must budget for CBAM certificates in 2026, even though the issuance begins in February 2027 (retroactive for imports from January 2026).
- CO_2 taxes or carbon pricing mechanisms paid in the country of origin can be deducted from liabilities under CBAM regulation.

Sanctions and Compliance Risks

- Up to €100 per undeclared ton of CO_2 for non-compliance.
- Repeated breaches may result in the loss of CBAM declarant status, effectively halting imports.
- Companies must ensure accurate reporting and timely submission of CBAM declarations to avoid penalties.

Source: Regulation (EU) 2023/995
Regulation (EU) 2023/956 in the version in force at the time of publication of this information

How A&M Can Help

At A&M, we integrate strategic consulting with specialized tax and customs expertise to provide comprehensive CBAM compliance solutions. From declarant registration to automating emissions tracking and managing CO_2 certificates through forecasting and budgeting, we ensure compliance, cost optimization, and supply chain efficiency.

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