



March 2025

## CBAM updates

On February 26th, the European Commission released a proposal for amending the Carbon Border Adjustment Regulation, intending to simplify reporting obligations for importers of CBAM goods and enhance efficiency of the mechanism in reducing carbon leakage and supporting broader climate goals. In essence the proposal includes two types of simplifications:

**Exemptions for Small Importers:** The proposal exempts importers of small quantities of CBAM goods, typically SMEs and individuals, from CBAM obligations due to their insignificant share of embedded emissions and the administrative burden outweighing the environmental benefits.

**Streamlined Compliance for Larger Importers:** For importers above the new proposed threshold, the proposal unveils a set of simplifications to ease their adherence to the reporting obligations and reduce administrative costs.

The main changes are presented below.

### Main changes

**New CBAM Threshold:** Importers of very small quantities of CBAM goods will be exempt from CBAM requirements. This will be achieved by setting a new cumulative annual import threshold of 50 tonnes (net mass) per importer, applicable on the imports of iron and steel, fertilizers, aluminum and cement (hydrogen & electricity are excluded). This action exempts about 90% of importers, while still covering 99% of total emissions.

**Postponement of Financial Impact:** For emissions embedded in goods imported during the year 2026, the obligation for importers to purchase CBAM Certificates is transferred in 2027. Member States should start selling CBAM certificates from 1 February 2027.

**CBAM goods in scope:** Non-calcined kaolinic clays included in the cement goods should be excluded from the scope of the CBAM since are not considered to be carbon intensive. However, the Commission intends to examine future expansion of CBAM's scope with the inclusion of other ETS sectors and the coverage of downstream products. A new legislative proposal outlining this scope expansion is expected in early 2026.

#### Other key changes:

- **New Deadlines:** In the definitive phase of CBAM, the annual deadline for submitting CBAM declarations and surrendering CBAM certificates for the emissions will move from May to August 31<sup>st</sup> (first time in 2027 for the year 2026) providing more time to importers to comply with CBAM requirements.
- **New 50% rule:** 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 50% of the emissions embedded in the imported goods, instead of 80%.
- **Carbon Price deduction:** The proposal introduces the use default carbon prices which would allow declarants to claim a reduction in the number of CBAM certificates to be surrendered, where it cannot be

demonstrated that a carbon price has been effectively paid, due to insufficient data received from operators

## Key Takeaways for Importers of CBAM goods

- ✓ **Verify Scope:** Check if you still fall within the scope of CBAM, especially with the new thresholds and exemptions.
- ✓ **Obtain Authorization:** Even in case of doubt if your business will be subject to CBAM in the definitive period, obtain the required authorization (authorized CBAM declarant status) by December 31, 2025. Starting January 1, 2026, all importers of goods within the CBAM scope must qualify as authorized CBAM declarants.
- ✓ **Stay Informed:** Stay updated on CBAM developments, as additional legal initiatives are expected from the EU Committee.
- ✓ **Gather Emissions Data:** Make every effort to obtain information on the actual embedded emissions from your suppliers. Incorrect CBAM reports may negatively impact your authorized status."

## Let's talk!

For a more in-depth discussion on the above, you may contact:



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