



September, 2024

Key CBAM updates: Transitioning to Actual Emissions Data as of Q3 2024

Since October 2023, EU businesses are obligated to file quarterly reports on their imports of products covered by the CBAM regulation [Regulation (EU) 2023/956]. Among the information contained in such reports is the embedded emissions from the production of the respective products in the country of origin. Initially, declarants were permitted to use default values for all imported goods resulting in a simplified reporting process for the first three periods (Q4 of 2023, Q1 and Q2 of 2024). Consequently, the CBAM report due July 31st, 2024, was the final report where default values could be applied in full scale.

Changes Starting July 2024

As of Q3 2024 (i.e. for the purposes of the CBAM report to be filed by 31 October 2024), importers need to report **actual** embedded emissions for products released into free circulation from July 1st, 2024. This requires importers to procure actual emissions data for all CBAM goods from their suppliers or manufacturers. The determination of the emissions shall be made either:

- in accordance with the EU Method set forth at the CBAM Regulation (2023/956)
or
- based on an Equivalent Method for a limited period (until the end of 2024). That method should lead to similar coverage and accuracy of emissions data compared to the EU method and could involve:
 - A recognized carbon pricing scheme,
 - A compulsory emission monitoring scheme from the country in which the installation is located,
 - An installation-level emission monitoring scheme verified to meet EU standards.

From 2025 onwards only the EU Method will be permissible for the calculation of the embedded emissions.

Challenge

Declarants are required to make any effort to retrieve actual emission data from suppliers or producers. Where they fail to do so, it is imperative to provide detailed justifications on their failure to report using default values in the CBAM Transitional Registry and include supporting documents attesting unsuccessful attempts and steps taken to obtain actual data.

Thoroughly documented attempts to collect actual data from suppliers will be critical in the evaluation of the company's CBAM compliance which will be conducted by the Special Secretariat for Financial and Economic Crime Unit (SDOE) of the Ministry of Economy and Finance.

Fail to comply?

In the event of insufficient justification penalties may be imposed taking into consideration among others:

- The resources allocated in data collection
- The level of effort
- The economic size of the declarant
- The amount of CBAM imports and their embedded emission

Let's talk!

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



Hara Strati

Indirect Tax Lead, PwC Greece

T: +30 694 149 3492

M : hara.strati@pwc.com



Konstantinos Mitropoulos

Customs Expert, PwC Greece

M: +30 694 760 5940

E: konstantinos.mitropoulos@pwc.com