

Carbon Border Adjustment Mechanism (CBAM)

June 19th, 2023



New reporting obligations and a new tax on non-EU acquisitions.*

What is CBAM?	A new tax on importing carbon-intensive products into the EU
First call for action?	October 1 st 2023
Who must react?	Any EU-based company acting in designated sectors for designated products
How?	Import fee for carbon-intensive industries, similarly to the carbon pricing applied to locally produced goods

Required action points:

❖ Starting with October 2023 – Transitional phase

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| <ul style="list-style-type: none"> ➤ Define CBAM data ➤ Collect CBAM data ➤ Submit a quarterly CBAM report ➤ Adapt your ERP ➤ Analyze your logistic and supply chain | <p>—————→</p> <p>—————→</p> <p>—————→</p> | <p>quantity of imported products, embedded emissions, carbon price paid in their country of origin from suppliers outside the EU starting January 2024.</p> <p>The first report for Q4 / 2023</p> |
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❖ Starting with 2026 – Operational phase

- Obtain CBAM certificates and pay an amount that matches the carbon price set by the European Trading System
- Appoint an accredited verifier of recorded embedded emissions data
- Submit a CBAM report once a year
- Submit corresponding CBAM certificates by May 31st of the year following the reference year. The certificates should match the declared embedded emissions for the prior year

Understanding CBAM

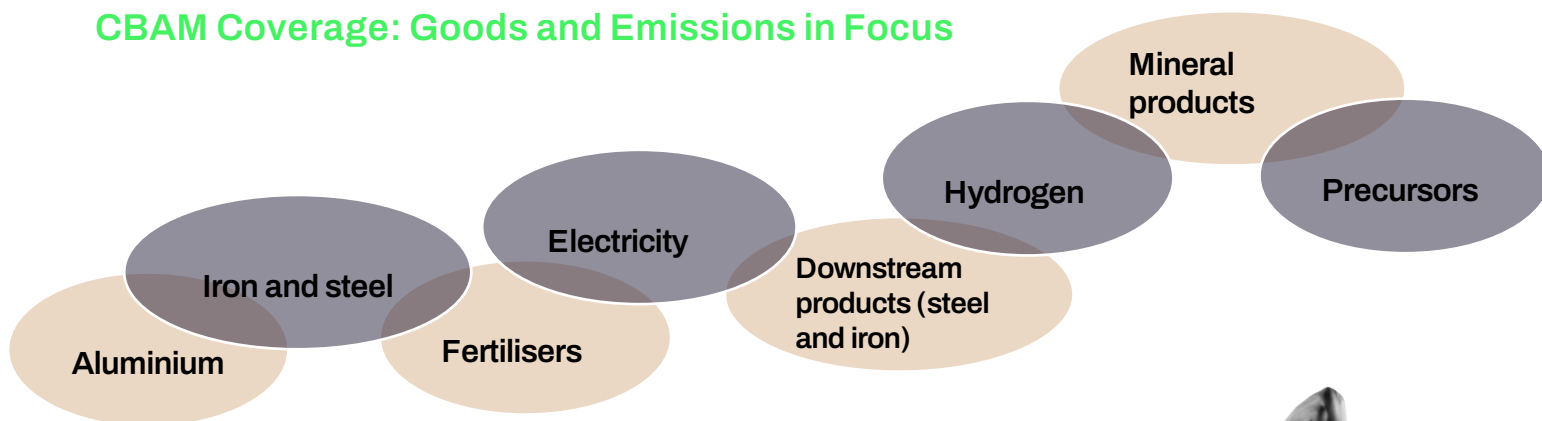
What is the purpose of CBAM?

CBAM safeguards the EU's commitment to lower greenhouse gas emissions by addressing production relocation and increased imports of carbon-intensive products to prevent increased emissions beyond the EU's borders.

What is the mechanism of CBAM?

- Asking customers of non-EU producers to report emissions
- Paying an extra levy
- Ensuring fairness
- Protecting local production
- Avoiding harm to the competitiveness of the local market.

CBAM Coverage: Goods and Emissions in Focus



- ❖ The covered emissions include both direct and, in certain cases, indirect greenhouse gas emissions from the production process overseen by the producer.
- ❖ The Commission will assess the methodology for accounting indirect emissions and consider adding more downstream products before the transition period ends.





CBAM new requirements

AUTHORSIED DECLARANT

- Declarants authorized by a CBAM authority can import goods under CBAM.
- Non-EU businesses cannot directly represent themselves.
- A customs broker or another individual acting as an indirect customs representative will need to register as a CBAM declarant and take full responsibility for the CBAM declaration.

TARIFF CLASSIFICATION OF GOODS

- Determine which goods are eligible for CBAM.
- CBAM also addresses attempts to bypass the system by making minor changes to goods solely to place them in a different CN code without valid justification or economic reasoning.

ORIGIN OF GOODS

- CBAM applies to goods from non-EU states (except Iceland, Norway, Lichtenstein, Switzerland).
- The origin of goods is determined by non-preferential rules outlined in the EU customs laws.
- Importers who paid a carbon price in the country of origin may qualify for a reduction in the required certificates.

CUSTOMS REGIMES

Comprehensive analysis is crucial :

- when using the inward processing relief customs regime (importing raw materials for processing),
- when employing the outward processing relief procedure (exporting EU goods for further processing or repairs in a third country),
- when applying returned goods relief (goods exported from the EU but returned in the same condition within three years).



NOA înseamnă servicii **premium** de consultanță fiscală, audit intern și strategii de business. Fiecare client NOA are parte de **experiența solidă** a specialiștilor noștri, obținută în proiecte complexe, dar livrată în procese extrem de agile. Fără ierarhii de secolul 20, fără birocrație. Realitatea economică volatilă cere **agilitate** în luarea deciziilor din business.

Cu un spirit **independent**, conectat la prezentul viu, NOA oferă liderilor companiilor vizionare tot suportul în luarea deciziilor. Când au nevoie, cum au nevoie. Peste 100 de companii locale și internaționale, din industrii precum tehnologie, infrastructură, FMCG și retail sunt clienți NOA.

În acest moment, NOA operează din trei sedii la București, Cluj-Napoca și Londra.



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