

# Recent developments in the carbon border adjustment mechanism: simplifications and obligations as of 2026

Regulation (EU) 2025/2083 simplifies the carbon border adjustment mechanism in order to reduce burdens as of 1 January 2026. This paper explains the obligations imposed by this mechanism on the importers it applies to and the simplification measures introduced, including the *de minimis* exemption based on mass for small importers, excluding electricity and hydrogen.

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**R**egulation (EU) 2025/2083 of the European Parliament and of the Council of 8 October 2025 amending Regulation (EU) 2023/956 as regards simplifying and strengthening of the carbon border adjustment mechanism - in line with the European Commission's recent commitment to reduce the regulatory burden on businesses and so promote their competitiveness — was published on 17 October 2025.

Previously, the *carbon border adjustment mechanism* (the 'CBAM') was introduced by Regulation (EU) 2023/956 (the 'CBAM Regulation'), which defines it as a mechanism that “complements the system for greenhouse gas emission allowance trading within the Union” (Art. 1(2) CBAM Regulation).

Indeed, the CBAM is a system that complements the European Union Emissions Trading Scheme (the 'EU ETS') because it seeks to

close the ‘carbon gap’ at the border that this scheme does not cover.

As is well known, the EU ETS taxes the industries to which it applies, which are required to back their emissions with emission allowances that, as a rule, are purchased at auction and can be traded. However, products from third countries where industry is not subject to a comparable scheme do not bear an equivalent cost, thus generating “carbon leakage”. The CBAM seeks to prevent this leakage by requiring importers of goods into the European Union to purchase certificates for an amount equivalent

According to the CBAM Regulation, the mechanism applies to imports of the following products and their derivatives in general: cement, electricity, fertilisers, iron and steel, aluminium and hydrogen (Annexes I and II). However, this Regulation states that the CBAM’s ultimate objective is one of “broad product coverage” by 2030, through future reviews, so as to include “all the sectors covered by Directive 2003/87/EC” (recital 67).

The regulation of the CBAM contained in the CBAM Regulation has been supplemented by three implementing regulations<sup>1</sup> that develop various aspects of the system.

Now, Regulation (EU) 2025/2083 amends the CBAM Regulation for the first time, introducing new features that affect the period of application beginning on 1 January 2026 and which, as we have already mentioned,

are intended to reduce the regulatory burden on companies.

The amendments will apply after the transitional period in which we currently find ourselves and which ends on 31 December 2025.

During this period, which began on 1 October 2023, the CBAM Regulation only requires importers of goods covered by its scope to submit a quarterly report containing the total quantity of each type of imported goods subject to the system, the total actual embedded emissions (direct and indirect, as applicable) and any effective carbon price paid in the country of origin for the embedded emissions

## ***The CBAM is a system that supplements the emissions trading scheme because it seeks to close the ‘carbon gap’ at the border that this scheme does not cover***

to the carbon price they would have had to pay if the goods had been produced under the EU ETS. In other words, for certain imported products, customs authorities require the “payment of the price” of carbon (which would have been applied in the European Union) based on the greenhouse gas emissions from their production.

Avoiding carbon leakage is considered necessary to ensure that the Union’s climate objectives are not undermined by the relocation of production to countries with less ambitious policies and to create incentives for non-European countries to implement similar policies to reduce emissions.

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<sup>1</sup> Commission Implementing Regulation (EU) 2023/1773, 2024/3210 and 2025/486.

of the imported goods (Art. 32 et seq.). These reports are submitted by the importer in its own name or by an indirect customs representative through the CBAM Transitional Registry, a standardised electronic database managed by the European Commission<sup>2</sup>.

## ***Regulation (EU) 2025/2083 introduces changes that affect the period of application beginning on 1 January 2026 and are intended to reduce the regulatory burden on businesses.***

These are therefore mandatory reporting obligations, and failure to comply may result in penalties of between ten and fifty euros per tonne of undeclared emissions (Art. 16 of Commission Implementing Regulation (EU) 2023/1773).

From 1 January 2026, the definitive period of the mechanism begins, in which this formal obligation is linked to the duty of importers to surrender the number of CBAM certificates for the declared embedded emissions. In this regard:

- a) Importers of goods from third countries covered by the scope of application must submit an application for authorisation to be recognised as “authorised CBAM declarants”, or they must appoint an indirect customs representative to act as an authorised CBAM declarant, which will be mandatory if the importer is not established in a Member State. Only authorised

CBAM declarants may import goods covered by the regulation during the definitive period beginning in 2026.

- b) Authorised CBAM declarants are required to submit an annual CBAM declaration of the embedded emissions of goods imported into the customs territory of the Union (the content of the declaration is detailed in Art. 6 of the amending Regulation). Annex IV to the amending Regulation sets out the methods for calculating the embedded emissions of a good, which will be supplemented by Commission implementing acts. The declared embedded emissions must be verified by an accredited verifier.

- c) This annual declaration must be accompanied by the surrender of the number of CBAM certificates for the declared emissions. The CBAM certificate is defined as the “certificate in electronic format corresponding to one tonne of CO<sub>2</sub>e of embedded emissions in goods” (Art. 3(24) of the CBAM Regulation). CBAM certificates are purchased on a common central platform managed by the Commission at a price determined by this European institution on the basis of the weekly average price of emission allowances under the EU ETS (Art. 21 of the CBAM Regulation).

The Commission shall maintain a CBAM registry of authorised CBAM declarants in the form of a standardised electronic database containing the data regarding the

<sup>2</sup> See the information from the Ministry for Ecological Transition and Demographic Challenge on the CBAM Transitional Registry, with access to supporting documents, at this [link](#).

CBAM declarations and CBAM certificates of authorised CBAM declarants (this registry has been regulated by Commission Implementing Regulation 2024/3210).

- d) Authorised CBAM declarants shall surrender, by 31 May of each year (from 2027, for imports in 2026), the number of CBAM certificates that corresponds to the emissions embedded in goods imported during the preceding calendar year, and shall be held liable for the payment of a penalty if they do not surrender the required number of certificates. The number of CBAM certificates may be reduced in order to take into account the carbon price paid in the country of origin (Art. 9 of the CBAM Regulation).
- e) In order to comply with this surrendering obligation, the amending Regulation stipulates that authorised CBAM declarants shall ensure that the number of CBAM certificates on their account in the CBAM registry at the end of each quarter corresponds to at least 80 % of the emissions embedded in the goods they have imported since the start of the year (which will be monitored by the Commission and the competent authorities of the Member States).
- f) By 30 June of each calendar year, authorised CBAM declarants may request the Commission to resell, at their original price, up to one third of the total number of CBAM certificates they purchased during the previous calendar year.
- g) An authorised CBAM declarant who fails to surrender, by 31 May of each year, the number of CBAM certificates corresponding to the emissions embedded in goods imported during the preceding calendar year shall be liable for the payment of a penalty. Such a penalty shall be identical

to the excess emissions penalty set out in the Directive establishing a system for greenhouse gas emission allowance trading within the Union (Directive 2003/87/EC) — one hundred euros per tonne of carbon dioxide equivalent — and shall apply for each CBAM certificate that the authorised CBAM declarant has not surrendered

We will now briefly outline the changes introduced by recent Regulation (EU) 2025/2083 ('Amending Regulation') to the operation of this system.

#### 1) *The new de minimis exemption for small importers*

The most significant change is undoubtedly that the exemption contained in Article 2 of the CBAM Regulation for goods included in Annex I "of negligible value" (whose value does not exceed one hundred and fifty euros in total per consignment) is replaced by an exemption applicable to importers whose cumulative net mass of imported CBAM goods does not exceed fifty tonnes per year, which is referred to as a single mass-based threshold. Imports of electricity or hydrogen are excluded from this exemption on the grounds that, given their special characteristics, the application of this exemption would require complex adjustments that would not allow for a substantial reduction of administrative costs for their importers (recital 4 of the amending Regulation).

This measure seeks to alleviate the administrative burden on SMEs and individuals. The exception applies to all importers, including authorised CBAM declarants. Importers whose imports do not exceed the single mass-based threshold are exempt from all CBAM obligations, including that

of obtaining the status of an authorised CBAM declarant.

The Commission and the competent national authorities will monitor the imports of goods for the purpose of monitoring the compliance with the single mass-based threshold, periodically and automatically exchanging the necessary information via the CBAM registry, including a list of importers that exceed 90% of the single mass-based threshold.

Importers who are not authorised CBAM declarants and who have exceeded the single mass-based threshold will be penalised with the same fine as authorised CBAM declarants who have not submitted the number of CBAM certificates on time.

2) *Simplification of the application procedure to become an authorised CBAM declarant*

The process of becoming an authorised CBAM declarant is streamlined. Competent authorities are no longer required to consult other competent authorities and the Commission prior to authorisation and, if they do so, this consultation shall not exceed fifteen calendar days.

3) *Possibility of delegating the submission of the CBAM declaration*

The authorised CBAM declarant may delegate the submission of the CBAM declaration to a third party, although the former will remain responsible for the submission of the declaration. The third party to whom the task is delegated must fulfil certain technical credentials, including holding an Economic Operators Registration and

Identification (EORI) number and being established in a Member State.

4) *Main changes in relation to CBAM declarations and certificates*

The deadline for authorised CBAM declarants to comply with the obligation to submit the annual declaration and surrender the corresponding number of certificates is set at 30 September of the year following the year of importation of the goods, instead of 31 May, giving them more time to comply. The timetables for all procedures dependent on the surrender of certificates (such as the deadline for repurchasing and cancelling certificates) have also been postponed.

Furthermore, the requirement for authorised CBAM declarants to hold a number of CBAM certificates at the end of each quarter is reduced from 80% to 50% of the emissions embedded in the goods imported since the start of the year.

Lastly, the authorised CBAM declarant must be able to use the information submitted in the CBAM declaration for the previous year for the same third countries and goods. To this end, an amendment is made to Article 22(2) of the CBAM Regulation, which now states that the authorised CBAM declarant may use as a reference, in order to prove the number of CBAM certificates held in its account in the CBAM registry at the end of each quarter, the number of certificates issued in the calendar year preceding the year of surrender, provided that the customs declaration refers to the same goods by CN code and country of origin.