



Carbon Border Adjustment Mechanism (CBAM) Independent Authority for Public Revenue Circular 2072/2023

On 27 November 2023, the Independent Authority for Public Revenue (I.A.P.R.) published the first Circular in Greece (E.2072/2023) regarding the Carbon Border Adjustment Mechanism (CBAM). The Circular highlights provisions of the CBAM Regulation (Regulation (EU) 2023/956 of the European Parliament) related to customs requirements associated with the importation of CBAM covered goods from non-EU countries. This distinction is made between the transitional and full implementation period of the Mechanism. In addition, the Circular announces officially the appointment of the General Directorate of Financial and Economic Crime Unit (SDOE) of the Ministry of Economy and Finance as the National Competent Authority. More specifically:

1. Introduction notes

- ▶ The objective of CBAM is to mitigate the risk for carbon leakage by integrating greenhouse gas emissions into the imports of certain carbon-intensive products into the EU. Additionally, it aims to provide incentives for operators outside the EU to actively reduce these emissions.
- ▶ CBAM complements the EU Emissions Trading System (ETS) on the basis of Directive 2003/87/EC. It achieves this by implementing a parallel set of regulations for imports into the customs territory of the EU, specifically for carbon-intensive goods covered by the CBAM Regulation.
- ▶ CBAM will undergo a phased integration into the economic landscape of the EU, aligning with the phasing out of free EU ETS allowances in the CBAM covered sectors.
- ▶ CBAM is administered on the basis of annual declarations submitted by an authorized CBAM declarant detailing the embedded emissions of CBAM covered goods imported into the customs territory of the EU. Subsequently, the declarant surrenders the corresponding number of CBAM certificates reflecting the declared emissions.

2. CBAM scope and exemptions

- ▶ The CBAM Regulation is applicable to goods listed in Annex I that originate (non-preferentially) from non-EU countries and are brought into the customs territory of the EU through either importation or the inward processing procedure.
- ▶ Annex I of the CBAM Regulation encompasses general categories of goods, namely cement, iron and steel, aluminium, fertilizers, electricity, and chemicals (hydrogen). The categorization of these groups in the Regulation is determined on the basis of TARIC codes (Combined Nomenclature or Harmonized System codes).
- ▶ The Regulation does not apply to the above goods when: (i) they are of negligible value (EUR <150), (ii) they are contained in the personal luggage of travelers coming from a third country and are of negligible value, (iii) when they are imported for the purpose of military activities and (iv) when they have a non-preferential origin from EFTA countries (Iceland, Norway, Switzerland and Liechtenstein).

3. Customs requirements during the transitional period (from 1 October 2023 until 31 December 2025)

- ▶ CBAM has entered its transitional period as of 1 October 2023.
- ▶ During this period, there is no financial burden for the importers. Their obligations are limited to i) the submission of CBAM reports on a quarterly basis and ii) the submission of an application from 31 December 2024 for the acquisition of the CBAM declarant authorization to be registered in the corresponding CBAM Registry.
- ▶ The first CBAM Report for the period October - November - December 2023 should be submitted by 31 January 2024.
- ▶ Finally, a pertinent footnote ("TM 967") has been added to all tariff descriptions of the goods covered in the TARIC database. Accordingly, the customs authorities of the country shall notify the importer or, if applicable, the indirect customs representative, of the above reporting obligations, at the latest when the goods are released for free circulation.

4. Customs requirements during the definitive period (from 01 January 2026)

- ▶ The financial burden for businesses arises in the definitive period as of 1 January 2026 through the surrender of CBAM Certificates, the price of which will correspond to the average auction price of EU ETS allowances in €/tonne on a weekly basis.
- ▶ If importers can demonstrate on the basis of verified information from third country producers that a carbon price has already been paid during the production of the imported goods, this amount can be deducted from the final amount due.
- ▶ During this period, reporting obligations are annual and take the form of CBAM declarations. The first CBAM declaration for 2026 should be submitted by 31 May 2027.
- ▶ As of 1 January 2026, no import of CBAM covered goods will be possible without the CBAM declarant authorization. This requirement will be further integrated into the mandatory fields/areas of the Single Window for Customs (EU CSW-CERTEX).

In view of the above:

- ▶ The Circular confirms the phased implementation of the Mechanism according to the current timeline per transitional and definitive period.
- ▶ Therefore, it is now imperative for businesses to quantify their exposure to CBAM and confirm their readiness in terms of requirements and procedures to ensure they would be able to meet the deadline to file the first quarterly CBAM Report by 31 January 2024.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

About EY's Indirect Tax services

Indirect taxes affect the supply chain and the financial system. Our network of dedicated indirect tax professionals combines technical knowledge with industry understanding and access to technologically advanced tools and methodologies. We identify risk areas and sustainable planning opportunities for indirect taxes throughout the tax life cycle, helping you and meet your compliance obligations and your business goals around the world. Our globally integrated teams give you the perspective and support you need to manage indirect taxes effectively, It's how EY makes difference.

For more information, please contact:

Stephanos Mitsios

Partner - Head of Tax

Tel.: +30 210 2886 368

email: stefanos.mitsios@gr.ey.com

Tassos Anastassiadis

Partner - Indirect Tax

Tel.: +30 210 2886 592

email: tassos.anastassiadis@gr.ey.com

Nikioletta Merkouri

Partner - Indirect Tax - Global Trade

Tel.: +30 210 2886 572

email: nikoleta.merkouri@gr.ey.com

All Rights Reserved.

ey.com



EY



EY Greece



[eygreece](https://www.instagram.com/eygreece)



[@EY_Greece](https://twitter.com/EY_Greece)



[EY Greece](https://www.youtube.com/EY_Greece)