

MANDATORY CBAM REPORTING FROM JANUARY 2026: KNOW ALL CHANGES



EU CBAM reporting has become mandatory for all suppliers and EU buyers from January, 2026. All exporters of CBAM-listed products made of Iron and Steel, Aluminium, Cement, Electricity, and Fertilisers have to mandatorily submit their CBAM report on quarterly basis and applicable CBAM tax on their exports to the EU. Here is all you need to know about the latest CBAM changes:

CBAM Reporting Becomes Mandatory

EU Carbon Border Adjustment Mechanism has become mandatory from January, 2026 for all suppliers and EU buyers. Not submitting accurate reports could lead to penalties and increased carbon tax for importers and suppliers.

Who submits a CBAM report?

Under the CBAM reporting requirements from January 2026, only the Authorised CBAM Declarants (ACD), also known as importers or European buyers, are mandated to submit quarterly CBAM reports to the authorities for free circulation of their imported product. An importer which is not a legally Authorised CBAM Declarant can not accept CBAM imports for the EU market. For example, a supplier of a product made of iron and steel from India to Europe has to submit the CBAM report to its buyers quarterly. Subsequently, the buyers will submit these reports to the customs and relevant authorities in the EU to sell their products in the EU market.

In cases where the importer is not based out of the EU, its customs representative must become an ACD and take up the full legal responsibility of CBAM compliance.



Importer vs supplier responsibilities under CBAM reporting requirements:

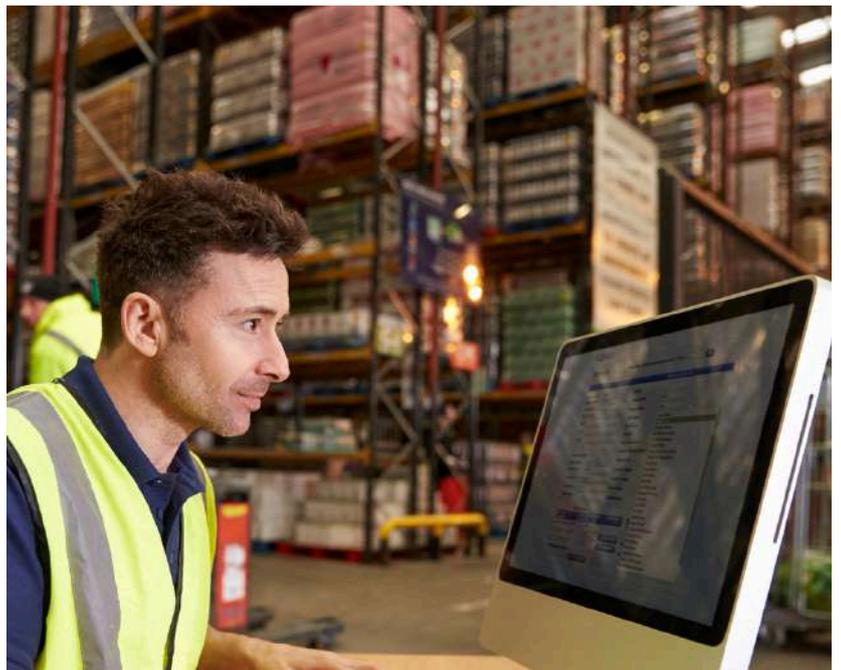


Importer

- The buyer has to collect all CBAM reports from their suppliers.
- Importers pay the carbon tax as per the embedded emissions in its imports.
- Importers must ensure data accuracy.
- Only authorised reporting declarants can import CBAM products.
- The importer remains responsible for correctly applying CBAM formulas, allocation rules, and certificate calculations.
- The supplier cannot be held liable for any mistakes or interpretations made during the importer's CBAM declaration.
- If the importer is not based in the EU, their customs representative must become an ACD and will take full legal responsibility for CBAM compliance.
- Though the CBAM tax liability is with the EU Importer, providing the verified CBAM reports is the responsibility of the manufacturer.

Supplier

- Supplier must submit accurate data
- Data accuracy must be ensured by the supplier
- Supplier must engage in EU approved data verification
- Supplier must submit actual emissions data



What to include in a CBAM report?

The European Union Commission has published a specific CBAM report format that must be used to submit the main emission data to EU importers.

DATA CATEGORY

Product Details

Country of Origin

Production Facility

Direct Emissions

Indirect Emissions

Precursors

Carbon Price Paid

WHAT MUST BE REPORTED

CN Code, quantity, weight

Manufacturing country

Plant name and address

Fuel combustion, on-site processes

Electricity usage

Input materials used

Any tax already paid

CBAM Reporting Deadlines (2025–2027)

Quarter	Reporting Period	Submission Due By
Q1 2026	Jan - Mar 2026	Apr 30, 2026
Q2 2026	Apr - Jun 2026	Jul 31, 2026
Q3 2026	Jul - Sep 2026	Oct 31, 2026
Q4 2026	Oct - Dec 2026	Jan 31, 2027

Implementing act on the price of CBAM certificates

From January 1, 2026, the EU buyers are mandated to calculate their CBAM prices and purchase CBAM certificates. And importers now need to hold CBAM certificates equal to 50% of year-to-date embedded emissions at each quarter-end (earlier 80%). However, carbon price can be readjusted as importers can deduct any carbon price already paid in the country of origin – but only with certified evidence. This means, if the supplier for a CBAM listed product has paid applicable Carbon tax in the country of origin, then the price for that can be readjusted under the CBAM provisions and the importer does not need to pay double tax. Certificates for 2026 imports will be available from Feb 2027. First annual CBAM declaration and surrender due by 30 Sep 2027. Here is a look at some major CBAM changes:

CBAM Certificates Pricing:

From January 2026, CBAM certificate price will be calculated on the basis of EU ETS average auction prices and allowances. These prices will be decided on the basis of final auction clearing price, that is the price paid by bidders for each EU ETS allowance upon closure of the bidding window in an auction.



Clear Price Indication:

The Commission will try to publish a single quarterly CBAM price from 2026 for everybody's reference. Moreover, the Commission will make all the prices directly accessible to Authorised CBAM Declarant's accounts.



CBAM Certificate Price Rules for 2026:

- From January 2026, the Commission will calculate CBAM certificate price for each quarter as the quarterly average auction clearing prices under the EU ETS. These prices will be calculated during the first calendar week of every quarter.
- In 2026, the quarterly CBAM certificate price will be calculated.
- The relevant auction platforms shall provide all the required information for calculating the CBAM certificate prices for that quarter.

CBAM Certificate Price Rules for 2027:

- From January 1, 2027, the CBAM certificate price will be calculated every calendar week on the basis of the weekly average of EU ETS allowance prices.
- Price of CBAM certificates will apply to all CBAM certificates sold to Authorised CBAM Declarants.
- The Commission will publish all CBAM certificate prices on its official website on the first working day.
- Price of CBAM certificates will be made available only to Authorised CBAM Declarants.



Regulation for Verification of Actual Embedded Emissions



Under the CBAM reporting requirements, EU-approved verification has become mandatory from January 1, 2026. Moreover, the suppliers and EU buyers must have emission-related data and verification evidence for the past 4 years since the start of the reporting year for auditing purposes. Here is a look at some major changes in the CBAM verification:

- EU-approved verifiers must conduct physical site visits at the installation where goods were manufactured.
- In 2026, physical visit at all locations is mandatory. However, from 2027, the verifier may either replace the physical visit with virtual visit or waive off the visit.
- The verifier can waive visit from 2027 only after visiting once in 2026 and it does not compromise the data credibility.
- The physical visit should be carried every two years at least.
- The verifiers must analyse all data and cross-check for any misstatements and inaccuracies in the submitted report. Moreover, the verifier has to apply a risk-based approach to reach any opinion.
- The submission and review of the verification reports will be done using a single electronic template given by the Commission only.
- The verifiers can apply materiality threshold (Scope of error) by 5% only.
- From 1 Jan 2026, third-party verification by an accredited verifier as per EU ETS or ISO 14064/17029 frameworks becomes mandatory for all CBAM declarations.
- All emission-related data and verification evidence must be kept for at least 4 years after the reporting year and made available for audit on request.

Documents and evidence required for verification process

- Detailed production and throughput data.
- Raw material and fuel consumption records.
- Measurement/calibration logs of instruments.
- Energy use and emission factor references.
- Laboratory test reports (where available).
- Monitoring and calculation methodologies.
- If public emission factors are used (IPCC, IEA, Ecoinvent, CEA-India, etc.), you must keep the **full citation and justification note** explaining why lab data was not available

Accreditation of agency for data verification

As per the latest CBAM rules, only EU-accredited verifiers are allowed to verify the data. The accreditation rules say that the verifier can be from anywhere in the world and must be a legal entity accredited by the EU National Accreditation Body (NAB). The accreditation is given after a thorough review of the details submitted in the application.

The legal entity that wants to be the accredited agency for CBAM report verification must be CBAM technical expert, must have proven expertise in tracking system boundaries, emissions types, know all about the company, have knowledge in EU ETS style emissions verification, CBAM-specific methodologies and sector rules.

For accreditation, the verifying agency must have:

- Proven technical expertise
- Expertise in CBAM methodologies
- Knowledge in emissions calculation methods
- Must know about monitoring and data control systems
- Competent team of lead verifiers
- Sector and product experts

VERIFICATION

Use of default values vs actual emissions in CBAM reporting

Default values are conservative assumptions and estimated emissions numbers that could be applicable to a particular production process. The EU has published default values for companies that can not provide the actual emissions data under the CBAM reporting requirements. These are always much higher than the actual embedded emissions values of a product or a company. Under the CBAM reporting requirements, using default values will always mean paying more carbon tax than applicable on actual emissions. This is a deliberate design to prevent carbon leakage and discourage use of default values. Exporters and importers are allowed to use the default values from January 2026 but it could mean significant financial consequences.

Under the latest CBAM reporting rule changes, which is applicable from January 2026, the Commission has published the provisional list of default values for all major countries that export to the EU. These default values have been deliberately kept very high to use them as punitive measures and encourage importers and exporters to use actual emission values. There are different benchmarks given for different sectors and products for all the CBAM listed HSN/CN Code.

Moreover, a mark-up is added on default values for installations having more emissions than the country average. And this inflates the CBAM tax. The mark-ups are intended to limit the use of default values. In the case of an unknown precursor's origin, the EU will apply the higher level of default values in the globe. Moreover, default values apply across the supply chain and use of default values for precursors can significantly increase the total embedded emissions.

Default values and their impacts:

Exporters should collect actual emissions and submit verified embedded emissions data to the buyers. Not using default values means no unwanted CBAM taxes and uninterrupted export business to the EU.

- Using default values could increase CBAM tax 5 times.
- Different default values for different countries.
- Extremely high default values to act as punitive measures.
- Additional mark ups of 10 % & 20% on the use of default values.
- No benefits of a low-carbon economy.
- Pressure to change suppliers due to inflated CBAM tax.
- Uncompetitive trade business.

What is the Omnibus package?

The European Union Commission published the Omnibus package on February 26, 2025 for CBAM reporting with some leniency for importers. The Omnibus package came as a relief for 1,82,000 SMEs and European buyers on submitting CBAM reports for their imports. Even in the current Omnibus package, 99 per cent of the total emissions are covered by CBAM. The Omnibus package announced de minimis threshold for CBAM reporting by EU importers only.

Any EU importer importing less than a 50-tonne mass (Goods) of any CBAM-listed products per year or 100 tonnes of CO₂ every year is exempt from CBAM compliance. This means relief for 90 per cent of the importers sitting in the EU, also part of SMEs. Once importers exceed the 50 tonnes annual limit, all imports for that year will automatically fall under the full CBAM obligations. Moreover, this will mean tax for all these years. Hence, it is important for EU buyers to review their imports to avoid any last minute hassles.

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