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NOTE

From:	European Commission
On:	31 July 2025
To:	Delegations
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism - revised legislative financial and digital statement

Delegations will find attached the **revised legislative financial and digital statement** concerning the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism (the initial legislative financial and digital statement was circulated in doc. ST 6609/25).

LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT

COM(2025) 87 final¹

AS REVISED ON 12 JUNE 2025

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¹ See COM(2025) 87 final, proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism.

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1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Carbon Border Adjustment Mechanism

1.2. Policy area(s) concerned

Climate policy

1.3. Objective(s)

1.3.1. General objective(s)

In light of the EU's increased climate ambitions, the introduction of a CBAM has the overarching objective of addressing climate change by reducing GHG emissions in the EU and globally.

The amending proposal aims at simplifying the compliance burden on importers of CBAM goods.

1.3.2. Specific objective(s)

The overarching objective of addressing climate change is further articulated in a number of specific objectives, namely: (i) Addressing the risk of carbon leakage under increased EU ambition. (ii) Contributing to the provision of a stable and secure policy framework for investments in low or zero carbon technologies. (iii) Ensuring that domestic production and imports are subject to similar level of carbon pricing. (iv) Encouraging producers in third countries who export to the EU to adopt low carbon technologies. (v) Ensuring that the measure is effective, minimising the risk of being circumvented, thus providing environmental integrity. (vi) Ensuring a proportionate administrative burden for businesses and public authorities in the application of the measure.

The amending proposal aims at: (i) reducing administrative burden; (ii) improving the functioning of CBAM.

1.3.3. Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The introduction of a CBAM envisages a reduction in greenhouse gas emissions both in the EU-27 and in the rest of the world in the sectors covered by CBAM. The CBAM is also expected to reduce the risks of carbon leakage, therefore gradually replacing the free allocation of allowances under the EU ETS.

As regards economic impacts, the modelling conducted before the adoption of the CBAM Regulation indicated that the introduction of a CBAM and other measures needed to reach the EU's increased climate ambitions could lead to a GDP contraction for the EU 27 by 0.22 % to 0.23 % in 2030. Impact on the investment side is modest. On the consumption side CBAM appears to have a slightly stronger negative effect relative to the scenario of increased climate ambition and no CBAM.

By effectively reducing carbon leakage, the introduction of a CBAM leads to a reduction in imports in the EU 27. Overall, the social impacts of CBAM are limited.

Administrative impacts on the Commission, businesses national authorities, are expected. Altogether, compliance costs for businesses and authorities, while

significant, are expected to be proportionate, and manageable in light of the environmental benefits of the measure. While revenue generation is not an objective of CBAM is expected to generate additional revenue, which for 2030 is estimated at above EUR [2.1 billion to be updated].

The amending proposal expects to:

(i) reduce the number of entities subject to CBAM obligations while preserving the environmental integrity of the mechanism and its capacity to achieve its climate objective;

(ii) enhance the functioning of the mechanism by simplifying and streamlining processes and procedures. The proposal will make it easier for importers of goods into the Union to comply with CBAM reporting obligations by simplifying some of those CBAM reporting requirements which relate to complex calculations or rely on hazardous data collection processes which hamper effective CBAM implementation.

In addition, the proposal will also strengthen the monitoring and supervision of CBAM. It will increase the ability of the Commission to process data and exchange relevant information with national authorities to ensure that the utility of the information reported by stakeholders is maximised. It will also enable both the Commission to better detect risks and national authorities to be better equipped to take appropriate actions where needed.

1.3.4. *Indicators of performance*

Specify the indicators for monitoring progress and achievements.

Exempt from CBAM obligations importers of small quantities of CBAM goods

Optimisation of processes to increase effectiveness and reduce administrative burden

1.4. **The proposal/initiative relates to:**

☐ a new action

☐ a new action following a pilot project / preparatory action²

☒ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.5. **Grounds for the proposal/initiative**

1.5.1. *Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative*

The CBAM was introduced from October 2023. A simplified system of the CBAM scheme is currently in place until the end of 2025. Specifically, a transitional period (dry-run for data collection) currently applies to facilitate the smooth roll out of the CBAM and allow traders and importers to adjust.

Commission services are in charge of implementing and enforcing CBAM both during the transition period (2023-2025) and will also be during the definitive phase (from 2026).

² As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

During the transition period this implies collecting information from importers of CBAM goods in the EU on the embedded GHG emissions of these goods and analysing data.

The Carbon Border Adjustment Mechanism (CBAM) calls for a progressive introduction of the different functions necessary for its effective implementation. Firstly, a number of reports and reviews need to be prepared in order to facilitate the financial obligation to be set in place. Recognizing this, the CBAM regulation foresees its implementation in two consecutive periods: the Transitional Period from October 2023 until end of 2025 and the Definitive Period as from early 2026.

During the Transitional Period the obligation placed on importers and the EU Authorities (customs) is limited to the filing of the quarterly CBAM reports in addition of the Import declarations.

During the transitional period, transitional information management system (CBAM Transitional Period – CBAM TP) were put in place to support the submission and collection of quarterly reports, as well as the assimilation of data from each report into an aggregated database, to allow for their effective analysis for the purposes of reporting in line with the provisions of the Regulation.

Additionally, during the transitional period, customs authorities are tasked with informing customs declarants of the obligation to report information, so as to contribute to the gathering of information as well as to the awareness on the need to request the status of authorised declarant when applicable (before the first importation of CBAM goods from 1 January 2026).

The Definitive Period is planned to start on the 01.01.26 for the core CBAM declaration and certificates management services as listed here and one year earlier for authorised declarants registration and processing of CBAM authorisations by the competent authorities:

- importers are only entitled to import these goods after they have been granted an authorisation (except in case of the derogation proposed in the amending Regulation) by competent authorities, or if they would appoint a representative authorised as CBAM declarant. Customs authorities should not allow the importation of CBAM goods without a authorised CBAM declarant being involved. Furthermore, the customs authorities may carry out checks on the goods, including with respect to the identification of the authorised CBAM declarant, the eight-digit CN code, the quantity and the country of origin of the imported goods, the date of declaration and the customs procedure. The Commission should include the risks relating to CBAM in the design of the common risk criteria and standards pursuant to Article 50 of Regulation (EU) No 952/2013

- The CBAM should be based on a declarative system where an authorised CBAM declarant, who may act on its own behalf or represent one or more importers, submits annually a declaration of the embedded emissions in the goods imported to the customs territory of the Union and surrenders a number of CBAM certificates corresponding to those declared emissions.

- An authorised CBAM declarant should be allowed to claim a reduction in the number of CBAM certificates to be surrendered corresponding to the carbon price already effectively paid for those emissions in other jurisdictions. The amending Regulation proposes to introduce a default carbon price which would allow declarants to claim a

deduction where it cannot be demonstrated that a carbon price has been effectively paid.

- The embedded declared emissions should be verified by a person accredited by an EU national accreditation body where actual emissions are declared.
- The CBAM central system should allow operators of production installations in third countries to register in the CBAM registry and to make their verified embedded GHG emissions from production of goods available to authorised CBAM declarants. The Commission should manage the CBAM registry containing data on the authorised CBAM declarants, operators and installations in third countries. The amending Regulation proposes to allow accredited verifiers to access the registry to improve the reliability of emission data shared by operators with declarants through the registry.
- To reduce the risk of carbon leakage the Commission should take action to address practices of circumvention
- For the sale and re-purchase of CBAM certificates a common central platform should be established. For the purpose of oversight of the transactions on the common central platform, the Commission should facilitate the exchanges of information and the cooperation between competent authorities, and between those authorities and the Commission. Additionally, a swift flow of information between the common central platform and the CBAM registry should be established.
- The Commission should carry out risk-based controls and should review the content of the CBAM declarations accordingly. For enforcement purposes, Member States may also carry out reviews of individual CBAM declarations. The conclusions of the reviews of individual CBAM declarations should be shared with the Commission and should be made available to other competent authorities in the CBAM registry.
- Member States should be responsible for the correct establishment and collection of revenues arising from the application of this Regulation.

Therefore, during the definitive period the number of tasks attributed to the EC increase drastically, requiring an increase in staffing needs. The tasks carried out by this team will include the supervision of authorisation of CBAM declarants made by MS competent authorities, the management of the central database and central registry, coordination and information exchange with MS competent authorities, review of declarations and oversight of the external platform and lastly, tasks requiring legal competencies such as litigation and recovery and financial responsibility oversight. The structure of the team is further defined below.

During the definitive period the Commission will be in charge of the majority of the tasks resulting from the CBAM regulation.

CBAM IT Budget

The CBAM Budget to be engaged/ committed for the period 2023-2027 have been assessed at 120,69 M€. The CBAM IT budget encompasses Analysis & Development services, Deployment services, Operations services, cloud services and/or on premises hardware and software licenses for the Transitional and Definitive CBAM System as detailed below :

- The CAPEX cost has been estimated based on the actual budget engaged and the budget authorised by EC IT Corporate Governance in the form of approved Vision Documents for the following past projects of DG TAXUD IT projects, due to their similarities in terms of IT Architecture Model: CDS, CRMS2, SURV3, REX, CSRD2,

EBTI, Customs Trans-European Declaration Management Systems developed and operated by DG TAXUD.

- The OPEX cost has been assessed on the basis of the current annual infrastructure and operational costs of DG TAXUD, their provisions for IT infrastructure, IT Support and Service Desk activities for the production systems delivered by the projects referenced above.

- The pricing is based on the current Framework Contracts pricing in place.

In the IT Policy budget line, the budget of the joint procurement between the COM and MS of the platform for buying and selling of certificates for managing operations is not included.

The CBAM team would consist of 90 EC staff (including 15 IT staff) in 2027.

The amending Regulation proposes to introduce rationalisations of administrative requirements, including reporting. Since those requirements were introduced by Union Law, their rationalization is also best done at EU level to ensure legal certainty and consistency of reporting. This change corresponds to additional IT cost of 18,95 M€ for the period of 2025-2027. This will ensure a level playing field for companies and authorities across the Union, which will be benefiting from the rationalisation of reporting requirements arising from this proposal.

Tasks attributed to the European Commission and shared with MS for the implementation of CBAM	Number of staff required to carry out said task				
	Transitional Period (2023)	Transitional Period (2024)	Transitional Period (2025)	Definitive Period (2026)	Definitive Period (2027)
Authorisation of CBAM declarants	0	0	1	2	2
Management and registration of information in the central database of installations outside the EU	0	0	0	3	5
Management of central registry including accounts (surrendering of certificates, including 50% rule, cancellation)	0	0	0.5	3	5
Coordination and information exchange between the competent authorities and customs	0	1	1	1	1
Check and control for irregularities	0	0	0	3	5
Risk-based controls and maintenance of an independent transaction					

log and inform MS of irregularities					
Oversight and review of declarations and emission reports: 1. Oversight of the automated step of checking through the declarations 2. Review of declarations (embedded emissions calculations, obligations of certificates, deduction of carbon price paid abroad and FA) + Assessment of unsubmitted CBAM certificates	0	0	0	8	25
3. Review of emissions reports	0	0	0	10	10
Setting up risk-based factors for the review of the declarations	0	1	1	1	1
Penalties	0	0	0	2	2
Oversight, monitoring and management of the external platform for buying and selling and calculation of price of CBAM certificates	0	0	0	2	2
Review and reporting obligations by the end of the transitional period including assessment of transitional period reports	0	7	13.5	0	0
Reports to be drafted	3	3	3	3	3
Litigation and recovery	3	3	3	6	8

Financial responsibility oversight					
Contracts and HR					
Drafting of secondary legislation (Implementing and Delegated Acts)	3	3	3	3	3
Outreach and Training	2	2	2	2	2
Methodology for calculating embedded emissions	1	1	1	1	1
Total number of staff CBAM team (excluding IT)	12	21	29	50	75

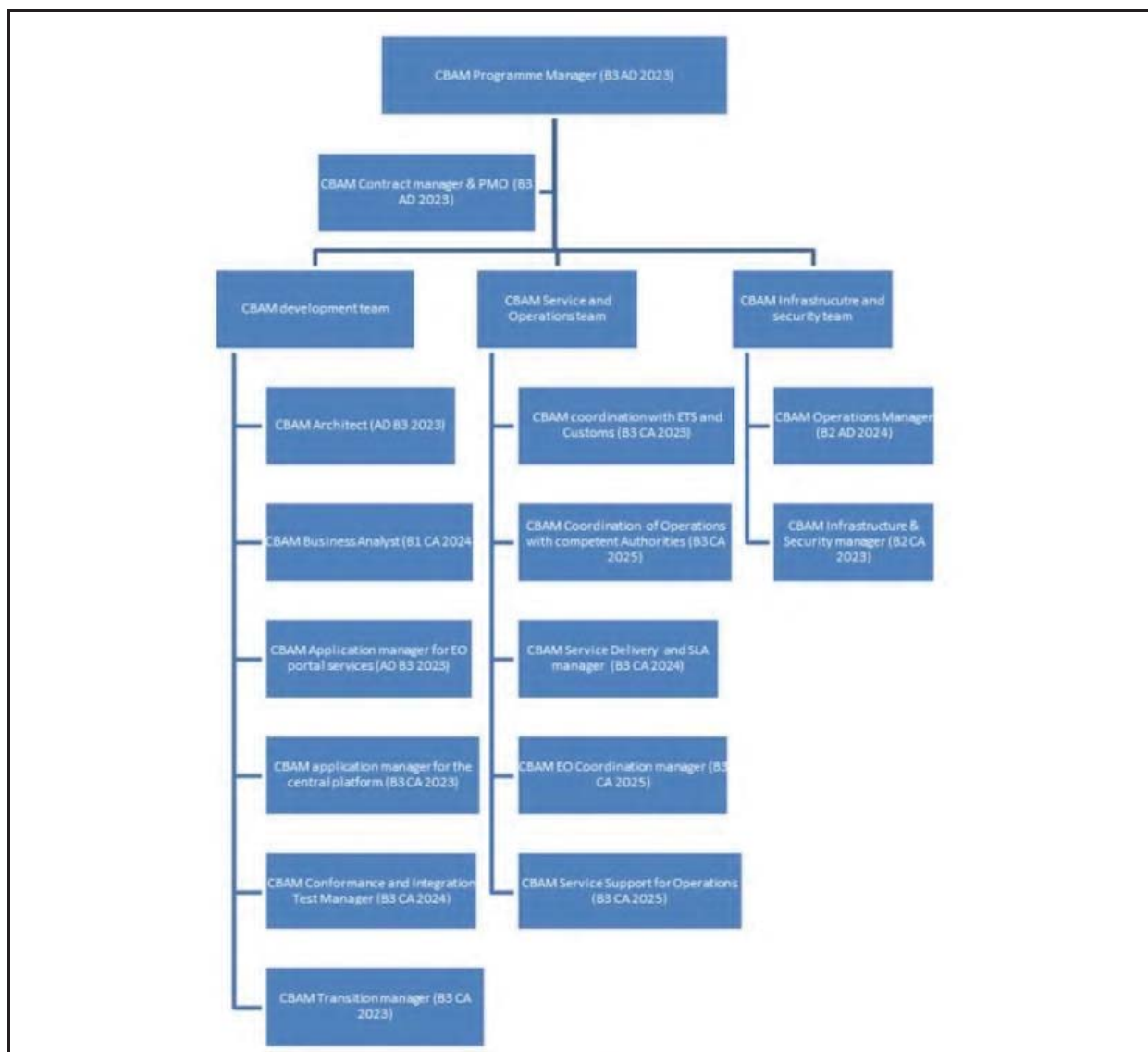
The breaking down of total staff, including IT staff, from 2023 to 2027 would be the following:

Year	2023	2024	2025	2026	2027
No of Total Resources	20	33	44	65	90
CBAM team	12	21	29	50	75
IT CBAM team	8	12	15	15	15

The strategic importance, the magnitude and complexity of the CBAM IT project require a dedicated CBAM IT team to be established to manage the overall project implementation and operations.

The CBAM IT team consists of 15 members of specialised IT profiles for defining and managing CBAM IT System Architecture and Project Organisation and planning, the activities in terms of development, deployment, the organisation of the Service Model, the management of operations and support in front of Trade, COM services, climatic and Customs authorities, in parallel of the Transitional and definitive CBAM IT systems.

The CBAM IT team would consist of 15 EC staff structured as presented in the graph below:



The proposed plan of deploying the CBAM IT team is the following:

Year	2023	2024	2025	2026	2027
No of Resources	8	12	15	15	15
AD	4	5	5	5	5
CA	4	7	10	10	10

1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.

Reasons for action at EU level (ex-ante) Reducing GHG emissions is fundamentally a trans-boundary issue that requires effective action at the largest possible scale. The EU

as a supranational organisation is well-placed to establish effective climate policy in the EU, like it has done with the EU ETS.

There exists already a harmonised carbon price at EU level. This consists of the price resulting from the EU ETS for the sectors covered by the system. The only meaningful way to ensure equivalence between the carbon pricing policy applied in the EU's internal market and the carbon pricing policy applied on imports is to take action at the level of the Union.

Any initiative needs to be implemented in a way that provides importers, regardless of country of origin and port of entry or destination within the EU, with uniform conditions and incentives for GHG emission reductions that are equivalent to those of domestic producers. The single effective way to do this is by taking action at the level of the EU.

The proposed simplification introduced by the amending Regulation is best done at EU level to ensure legal certainty and consistency. This will ensure a level playing field for companies and authorities across the Union, which will be benefiting from the rationalisation of reporting requirements arising from this proposal.

Expected generated EU added value (ex-post) In parallel to the EU ETS, reduction of GHG emissions and protection against the risk of carbon leakage in the EU single market can be established most adequately at the EU level. Additionally, the need for minimal administrative costs is best achieved by establishing consistent rules for the entire single market, further underlining the added value of an intervention at the EU level.

The public consultation has confirmed the added value of taking action on the CBAM at the EU level. In particular, stakeholders agree that an EU CBAM is needed due to existing differences of ambition between the EU and the rest of the world and in order to support the global climate efforts. In addition, in view of the EU's position in international trade, if it introduces a CBAM the environmental effect on international climate ambitions will be most effective as a potential example to follow.

Thus, the objective of reducing emissions and climate neutrality requires – without equally ambitious global policies – action by the European Union.

1.5.3. Lessons learned from similar experiences in the past

The CBAM is a new mechanism. The preferred option in the Impact Assessment draws from the EU Emissions Trading System and aims at replicating some of its features.

If sufficient resources are not made available to enforce CBAM correctly, there is a serious risk that businesses will avoid CBAM.

The amending proposal relies on the experience gained in implementing CBAM since the mechanism started to apply in its transitional phase on 1 October 2023.

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

In the interinstitutional agreement of 16 December 2020, signed in the context of the negotiations, the European Parliament, the Council and the Commission agreed that "the institutions will work towards introducing sufficient new own resources with a view to covering an amount corresponding to the expected expenditure related to the repayment" of NextGenerationEU. As part of the mandate received, the Commission was invited to put forward a proposal for a CBAM in the first semester of 2021.

The final agreement by co-legislators foresees that most of the implementation and enforcement of CBAM will be the responsibility of the Commission. Therefore, in order to ensure the correct deployment of the proposal the appropriate financing means need to be made available within the current MFF.

The amending proposal is consistent with the objective of the better regulation agenda, as it will strengthen the Commission's ability to carry out its general supervision of CBAM, while reducing administrative the costs (notably for small importers, but also for Member States' authorities) that would otherwise be incurred in collecting the information through other means.

1.5.5. Assessment of the different available financing options, including scope for redeployment

Implementation costs for CBAM will be financed by the EU budget.

1.6. Duration of the proposal/initiative and of its financial impact

☐ limited duration

- ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY
- ☐ financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

☒ unlimited duration

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Method(s) of budget implementation planned³

☒ Direct management by the Commission

- ☒ by its departments, including by its staff in the Union delegations;
- ☐ by the executive agencies

☐ Shared management with the Member States

☐ Indirect management by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated
- ☐ international organisations and their agencies (to be specified)
- ☐ the European Investment Bank and the European Investment Fund
- ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation
- ☐ public law bodies
- ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees
- ☐ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act
- ☐ bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

Comments

³ Details of budget implementation methods and references to the Financial Regulation may be found on the BUDGpedia site: <https://myintracomm.ec.europa.eu/corp/budget/financial-rules/budget-implementation/Pages/implementation-methods.aspx>.

N/A

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

The Commission will ensure that arrangements are in place to monitor and evaluate the functioning of the CBAM and evaluate it against the main policy objectives.

Before the end of the transitional period at the end of 2025 and every two years thereafter, the Commission will publish comprehensive assessments of the functioning of the CBAM, including its governance. The 2025 report will also review the scope of the CBAM to examine the possibility of extending it to cover emissions of other EU ETS sectors at risk of carbon leakage, products further down the value chain as well indirect emissions for all sectors. For this, it is necessary to monitor the effect of CBAM on the shortlisted sectors.

2.2. Management and control system(s)

2.2.1. Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

A significantly centralised set-up allows a very uniform and efficient implementation of CBAM across the EU including in Member states with more limited administrative capacity on climate issues. The majority of the implementation and enforcement functions have been attributed to Commission services. These also require an increased number of control functions in order to ensure the correct implementation and management of the CBAM. The Commission has also foreseen an increased number of measures for fraud prevention.

While this simplification package will significantly reduce the administrative burden for importers, notably SMEs, as well as national authorities, this is made possible by Commission services taking up increased responsibilities and more tasks, notably in the monitoring and enforcement.

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

The CBAM will be based on a declarative system, which entails the risk of non-declaration or misdeclaration.

In order to address the risk of non-declaration, the system requires an authorisation before importing goods in the scope of the Regulation. National Customs Authorities will be in charge of enforcing this rule by not releasing into free circulation these goods as long as the declarant is not authorised according to this Regulation.

In order to address the risk of misdeclaration a system of auditing on risk assessment criteria as well as random audits will be in place coupled with sanctions set up as a sufficiently high level to serve as deterrent. Auditing will take place both at the level of CBAM declaration by the national authorities and at the level of import declarations by customs authorities.

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)

Commission services will control the correct application of CBAM, in particular the surrender of CBAM certificates and the correct application of the de minimis

threshold. A strong risk management system will be applied to ensure cost-effective controls and tackle risks of circumvention.

2.3. Measures to prevent fraud and irregularities

The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties.

Efficient anti-fraud actions require active cooperation, including knowledge-sharing and exchange of information, between customs authorities and competent authorities, both at national level and EU level; it may also require cooperation with third countries. A specific attention should be drawn to non-reliable economic operators (e.g. shell company, missing traders) and cross-border trade inside the EU.

Quick anti-fraud action should be put in place to react to new/newly detected fraud risks. Authorities in charge should report and share knowledge on fraudulent patterns.

Where an authorised CBAM declarant or an importer fails to comply with the obligations in the CBAM regulation, penalties will be applied. The amount of the penalty will be based on penalties in the EU ETS.

In case of repeated offences, the national competent authority may decide to suspend the account of the declarant.

Commission services, together with national competent authorities and national customs, have set up CBAM risk management network, which will work on a joint anti-circumvention strategy.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. ⁴	from EFTA countries ⁵	from candidate countries and potential candidates ⁶	From other third countries	other assigned revenue
7	20 01 02 01	Diff./Non-diff.	NO	NO	NO	NO
3	09 20 04 01 (CBAM)	Diff./Non-diff.	NO	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
N/A	N/A	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

⁴ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

⁵ EFTA: European Free Trade Association.

⁶ Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☒ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework		3	Natural resources and environment (IT)				
DG: TAXUD			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
Operational appropriations							
Budget line	Commitments	(1a)	28,090	34,750	33,700	30,150	126,690
	Payments	(2a)	17,530	21,157	32,090	33,067	103,844
Budget line	Commitments	(1b)					0.000
	Payments	(2b)					0.000
Appropriations of an administrative nature financed from the envelope of specific programmes ⁷							
Budget line		(3)					0.000
TOTAL appropriations for DG TAXUD	Commitments	=1a+1b+3	28,090	34,750	33,700	30,150	126,690
	Payments	=2a+2b+3	17,530	21,157	32,090	33,067	103,844
			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL operational appropriations	Commitments	(4)	28,090	34,750	33,700	30,150	126,690
	Payments	(5)	17,530	21,157	32,090	33,067	103,844

⁷ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations under HEADING 3 of the multiannual financial framework	Commitments	=4+6	28,090	34,750	33,700	30,150	126,690
	Payments	=5+6	17,530	21,157	32,090	33,067	103,844
			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	28,090	34,750	33,700	30,150	126,690
	Payments	(5)	17,530	21,157	32,090	33,067	103,844
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations Under Heading 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	28,090	34,750	33,700	30,150	126,690
	Payments	=5+6	17,530	21,157	32,090	33,067	103,844

Heading of multiannual financial framework	7	‘Administrative expenditure’ ⁸				
DG: TAXUD		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021- 2027
• Human resources		8,572	6,271	8,740	11,700	35,283
• Other administrative expenditure - Missions		0,600	0,300	0,306	0,312	1,518
TOTAL DG TAXUD	Appropriations	9,172	6,571	9,046	12,012	36,801

⁸ The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	9,172	6,571	9,046	12,012	36,801
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EUR million (to three decimal places)

				Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL appropriations under HEADINGS 1 to 7		Commitments		37,262	41,321	42,746	42,162	163,491
of the multiannual financial framework		Payments		26,702	27,728	41,136	45,079	140,645
			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027	
TOTAL operational appropriations	Commitments	(4)	28,090	34,750	33,700	30,150	126,690	
	Payments	(5)	17,530	21,157	3,090	33,067	103,844	
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	0.000	
TOTAL appropriations under HEADING 3 of the multiannual financial framework	Commitments	=4+6	28,090	34,750	33,700	30,150	126,690	
	Payments	=5+6	17,530	21,157	32,090	33,067	103,844	
				Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
• TOTAL operational appropriations (all operational headings)	Commitments	(4)		28,090	34,750	33,700	30,150	126,690
	Payments	(5)		17,530	21,157	32,090	33,067	103,844

• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations under Headings 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	28,090	34,750	33,700	30,150	126,690
	Payments	=5+6	17,530	21,157	32,090	33,067	103,844

Heading of multiannual financial framework	7	‘Administrative expenditure’ ⁹
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EUR million (to three decimal places)

DG: TAXUD		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021- 2027
• Human resources		8,572	6,271	8,740	11,700	35,283
• Other administrative expenditure		0,600	0,300	0,306	0,312	1,518
TOTAL DG TAXUD	Appropriations	9,172	6,571	9,046	12,012	36,801

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	9,172	6,571	9,046	12,012	36,801
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EUR million (to three decimal places)

		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL appropriations under HEADINGS 1 to 7	Commitments	37,262	41,321	42,746	42,162	163,491

⁹

The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

of the multiannual financial framework	Payments	26,702	27,728	41,136	45,079	140,645
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3.2.2. *Estimated output funded from operational appropriations (not to be completed for decentralised agencies)*

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs			Year 2024		Year 2025		Year 2026		Year 2027		Enter as many years as necessary to show the duration of the impact (see Section1.6)						TOTAL	
	OUTPUTS																	
	↓	Type ¹⁰	Avera ge cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No
SPECIFIC OBJECTIVE No 1 ¹¹ ...																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTALS																		

¹⁰ Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).

¹¹ As described in Section 1.3.2. 'Specific objective(s)'

3.2.3. Summary of estimated impact on administrative appropriations

- ☐ The proposal/initiative does not require the use of appropriations of an administrative nature
- ☒ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year	Year	Year	Year	TOTAL 2021 - 2027
	2024	2025	2026	2027	
HEADING 7					
Human resources	8,572	6,271	8,740	11,700	35,283
Other administrative expenditure	0,600	0,300	0,306	0,312	1,518
Subtotal HEADING 7	9,576	6,571	9,046	12,012	36,801
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	0.000
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	0.000
Subtotal outside HEADING 7	0.000	0.000	0.000	0.000	0.000
TOTAL	9,576	6,571	9,046	12,012	36,801

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together, if necessary, with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.4. Estimated requirements of human resources

- ☐ The proposal/initiative does not require the use of human resources
- ☒ The proposal/initiative requires the use of human resources, as explained below

3.2.4.1. Financed from voted budget

Estimate to be expressed in full-time equivalent units (FTEs)¹²

VOTED APPROPRIATIONS	Year 2024	Year 2025	Year 2026	Year 2027
• Establishment plan posts (officials and temporary staff)				
20 01 02 01 (Headquarters and Commission's Representation Offices)	21	21	25	30
20 01 02 03 (EU Delegations)	0	0	0	0
01 01 01 01 (Indirect research)	0	0	0	0
01 01 01 11 (Direct research)	0	0	0	0
Other budget lines (specify)	0	0	0	0
• External staff (inFTEs)				
20 02 01 (AC, END from the 'global envelope')	12	23	40	60
20 02 03 (AC, AL, END and JPD in the EU Delegations)	0	0	0	0

¹² Please specify below the table how many FTEs within the number indicated are already assigned to the management of the action and/or can be redeployed within your DG and what are your net needs.

Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		33	44	65	90

The additional resources mentioned above were already allocated during the adoption of the initial CBAM Regulation. There are no changes to the HR establishment plan posts and external staff, except for the correction of the number of establishment plan posts for 2026 (adjusted from 15 to 25 – Clerical error in the previous LFS).

The staff required to implement the proposal (in FTEs):

	To be covered by current staff available in the Commission services	Exceptional additional staff*		
		To be financed under Heading 7 or Research	To be financed from BA line	To be financed from fees
Establishment plan posts	N/A	N/A	N/A	N/A
External staff (CA, SNEs, INT)	N/A	N/A	N/A	N/A

Description of tasks to be carried out by:

Officials and temporary staff	The CBAM regulation requires the Commission to follow up with several delegated and implementing acts once the CBAM regulation is adopted. Commission staff will also be needed to review and assess the functioning of the CBAM system and to implement the IT system.
External staff	Many tasks can be carried out by external agents.

3.2.5. Overview of estimated impact on digital technology-related investments

Compulsory: the best estimate of the digital technology-related investments entailed by the proposal/initiative should be included in the table below.

Exceptionally, when required for the implementation of the proposal/initiative, the appropriations under Heading 7 should be presented in the designated line.

The appropriations under Headings 1-6 should be reflected as “Policy IT expenditure on operational programmes”. This expenditure refers to the operational budget to be used to re-use/ buy/ develop IT platforms/ tools directly linked to the implementation of the initiative and their associated investments (e.g. licences, studies, data storage

etc). The information provided in this table should be consistent with details presented under Section 4 “Digital dimensions”.

TOTAL Digital and IT appropriations	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021 - 2027
HEADING 7					
IT expenditure (corporate)	0.000	0.000	0.000	0.000	0.000
Subtotal HEADING 7	0.000	0.000	0.000	0.000	0.000
Outside HEADING 7					
Policy IT expenditure on operational programmes	0.000	0.000	0.000	0.000	0.000
Subtotal outside HEADING 7	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000

3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

- ☐ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)
- ☒ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation
- ☐ requires a revision of the MFF

Additional IT expenditures are needed to cover IT development needed to implement changes related to implementation of the CBAM simplification procedures and implement the IT tools supporting detection of the irregularities and limiting the risk of fraud: 6.350M in 2025, 6.850M in 2026 and 5.750M in 2027 – in commitment appropriations. In addition, 2M are needed on an annual basis to cover studies, including to assess regularly the effectiveness of the CBAM as well as outreach activities, including external communication and training sessions with stakeholders. These costs were not covered in the previous LFS. The proposal requires a full redeployment of up to 24.95M from Heading 4 (11.0301 – CCEI) to Heading 3 (09.200401 – CBAM) to maintain the overall budget neutrality.

3.2.7. Third-party contributions

The proposal/initiative:

- ☒ does not provide for co-financing by third parties
- ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year 2024	Year 2025	Year 2026	Year 2027	Total
Specify the co-financing body					
TOTAL appropriations co-financed					

3.3. Estimated impact on revenue

- ☐ The proposal/initiative has no financial impact on revenue.
- ☒ The proposal/initiative has the following financial impact:
 - ☒ on own resources
 - ☒ on other revenue
 - ☒ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ^[1]				
		Year 2026	Year 2027	Year 2028	Year 2029	Year 2030
Article		p.m.	p.m.	p.m.	p.m.	p.m.

^[1] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% for collection costs.

For assigned revenue, specify the budget expenditure line(s) affected.

09 20 04 01

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

Impact on own resources indicates as “p.m.” as in relation with the Commission proposal COM(2023)331 to amend the decision on the system of own resources of the European Union.

Impact on other revenue indicates as “p.m.” as in relation with the introduction on the fees (Article 20) for the financing of the CBAM common platform for which the estimate will be only know after the establishment of the fees modalities.

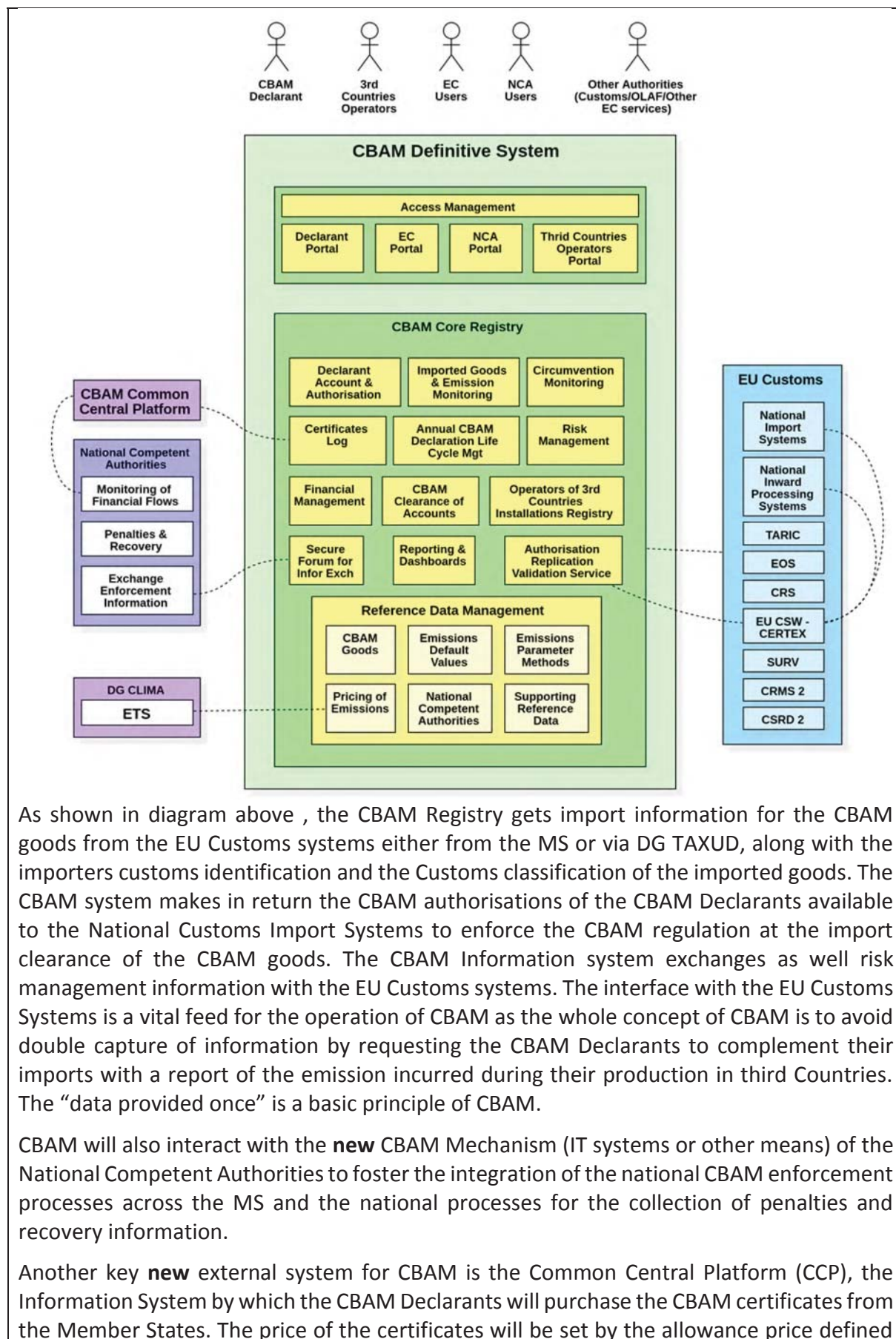
4. DIGITAL DIMENSIONS

There are not changes in that Digital concepts and architecture approved by CBAM Definitive system project charter, in terms of digital requirements, data used, digital solution, reusability assessment and Measures to support digital implementation.

The only change is related to the Risk management, Circumvention monitoring which was analyse and assessed and included in Project charter as place holder but not included in the Project Charter estimates. The key objective of the Risk management component is supporting detection of the irregularities and limiting the risk of fraud

Also, the simplification changes do not result in a change of the digital solution architecture, however, requires additional budget to implement the change to features and services already build by CBAM.

4.1. Requirements of digital relevance



As shown in diagram above , the CBAM Registry gets import information for the CBAM goods from the EU Customs systems either from the MS or via DG TAXUD, along with the importers customs identification and the Customs classification of the imported goods. The CBAM system makes in return the CBAM authorisations of the CBAM Declarants available to the National Customs Import Systems to enforce the CBAM regulation at the import clearance of the CBAM goods. The CBAM Information system exchanges as well risk management information with the EU Customs systems. The interface with the EU Customs Systems is a vital feed for the operation of CBAM as the whole concept of CBAM is to avoid double capture of information by requesting the CBAM Declarants to complement their imports with a report of the emission incurred during their production in third Countries. The “data provided once” is a basic principle of CBAM.

CBAM will also interact with the **new** CBAM Mechanism (IT systems or other means) of the National Competent Authorities to foster the integration of the national CBAM enforcement processes across the MS and the national processes for the collection of penalties and recovery information.

Another key **new** external system for CBAM is the Common Central Platform (CCP), the Information System by which the CBAM Declarants will purchase the CBAM certificates from the Member States. The price of the certificates will be set by the allowance price defined

in the ETS system. The CBAM Declarants will need to keep their CBAM accounts in an 50% balance on a quarterly basis to ensure that they are in position to surrender the required number of certificates for offsetting their declared emissions and emission prices already paid in third Countries. The Commission will re- purchase the surplus certificates from the CBAM Declarants in name of the Member States. The Commission and the Member States must jointly establish and manage this platform, which is however outside the scope of the CBAM Registry. The interface with the CCP is vital for the CBAM Declarants to provision the necessary certificates in their CBAM accounts. The accounts and the certificates will be highly sensitive information.

The ETS system will simply set the selling price of the certificates.

The primary users of the CBAM Registry are the CBAM Declarants. DG TAXUD anticipates that they may amount to 200.000 in 2026 (following the adoption of the simplification the number of declarants will be reduced but it will be further extended by the CBAM extension for the downstream goods). They will use the CBAM Registry to declare the emission accrued on the production of their imported goods on a yearly basis (May of each year), to monitor the quarterly balance of their CBAM accounts in term of certificates versus declared imports and to interact with the National Customs Authorities during review of their CBAM declarations. The CBAM Declarants will first be vetted by the National Competent Authorities via the CBAM Registry and then be granted an authorisation to import CBAM goods and be given a CBAM account. The CBAM Declarants will then be able to declare annually their emissions in the CBAM Registry and to surrender the required certificates.

The Operators of the Installations producing the CBAM goods in the third countries will register on the CBAM Registry before entering the emission details of their products. The CBAM Declarants will be able to refer to the entries of the Operators to justify their reported emission. It is a significant measure to reduce the compliance burden of the CBAM Declarants and to improve the quality of the CBAM data. While there is no evidence to support an estimate at this stage, DG TAXUD guestimates the number of Operators at 50.000 in 2026.

The CBAM National Competent Authorities (NCA) will use the CBAM Registry to grant the access to the CBAM Declarants, to manage the CBAM Authorisations, to monitor the CBAM accounts and declarations and interact with the CBAM Declarants to ensure their compliance with the CBAM regulation. They are the single point of contact to the CBAM Declarants.

Other Authorities will be granted access to the CBAM Registry to contribute to the risk management and the enforcement from their respective areas of responsibilities. The CBAM Registry will coordinate and support the inter-agencies collaboration in fostering compliance. The National Customs Administrations will validate the CBAM Authorisation during the control of the import declarations using the replication and validation services of the CBAM Registry via the EU CSW-CERTEX.

The Commission will assign and maintain the CBAM accounts of the CBAM Declarants up to date in the CBAM Registry, combining the information from the imports received from National Customs Administrations, the emissions from the yearly declarations, the quantity of certificates, their purchase reported by the CCP, their yearly surrendering confirmed by the CBAM Declarant, and the re-purchase of unused certificates. The Commission will use the CBAM Registry to monitor the imported goods and associated emissions, for the risk

management, and particularly the risk of circumvention. The CBAM Registry will also offer a secure forum for the exchange of sensitive information between all Authorities having a responsibility in the enforcement of the CBAM regulation.

The access of all actors to the CBAM Registry via dedicated portals supported by a distributed access management across the stakeholders:

- The NCA will manage the access of the CBAM Declarants to the CBAM Declarant portal, using either national credentials already granted by the National Customs Administrations or an EU login one;
- The Commission will manage the access of the Operators of the third countries Installations, to the same name portal, using credentials granted by EU login. It remains to be clarified whether the Commission will rely on external trusted parties to delegate them the granting of the authorisation to access the CBAM Registry;
- The NCA, the Commission and other Authorities will each manage the access to their users.

The CBAM Core Registry depicts the automated processes that the Commission will operate to fulfil its obligations under the CBAM regulation, as summarised above. The Reference Data Management will be a key -office process ensuring the consistency and integrity of all automated processes serving the collaboration and cooperation between all stakeholders. Beyond the “simple” list of goods, of National Competent Authorities, and of the price of emission, they will list the specific parameters used to report emissions according to specific methodologies and the default value for the emissions as established. The default value is key for the plausibility validation of the declared emissions.

4.2. Data

CBAM will be processing following data assets

- CBAM Declarant Data. (Phase2)
- Operators of 3rd Countries and their Installations Data. (Phase2)
- CBAM Reference Data. (Phase2)
- CBAM Users’ Access Management Data. (Phase2)
- CBAM Declarant/ Importer Functions. (Phase2)
- CBAM EU Commission Authorities Functions. (Phase2)
- Operators of 3rd Countries Installations (O3CIs) for Phase2 & Accredited Verifiers Functions (TBC Phase3).
- CBAM Declaration Data, Review, and Declaration Lifecycle Data. (Phase3)
- CBAM Imported Goods Data. (Phase3)
- CBAM Emissions & Calculations Data. (Phase3)
- CBAM Ledger (Registry) Data. (Phase3)
- CBAM Certificate Management Data. (Phase3)
- CBAM Non-Compliance Monitoring, Circumvention Investigation, and Risk Management Data. (Phase3)
- CBAM Reporting, Dashboards, Notifications, and Document Management Data. (Phase3)

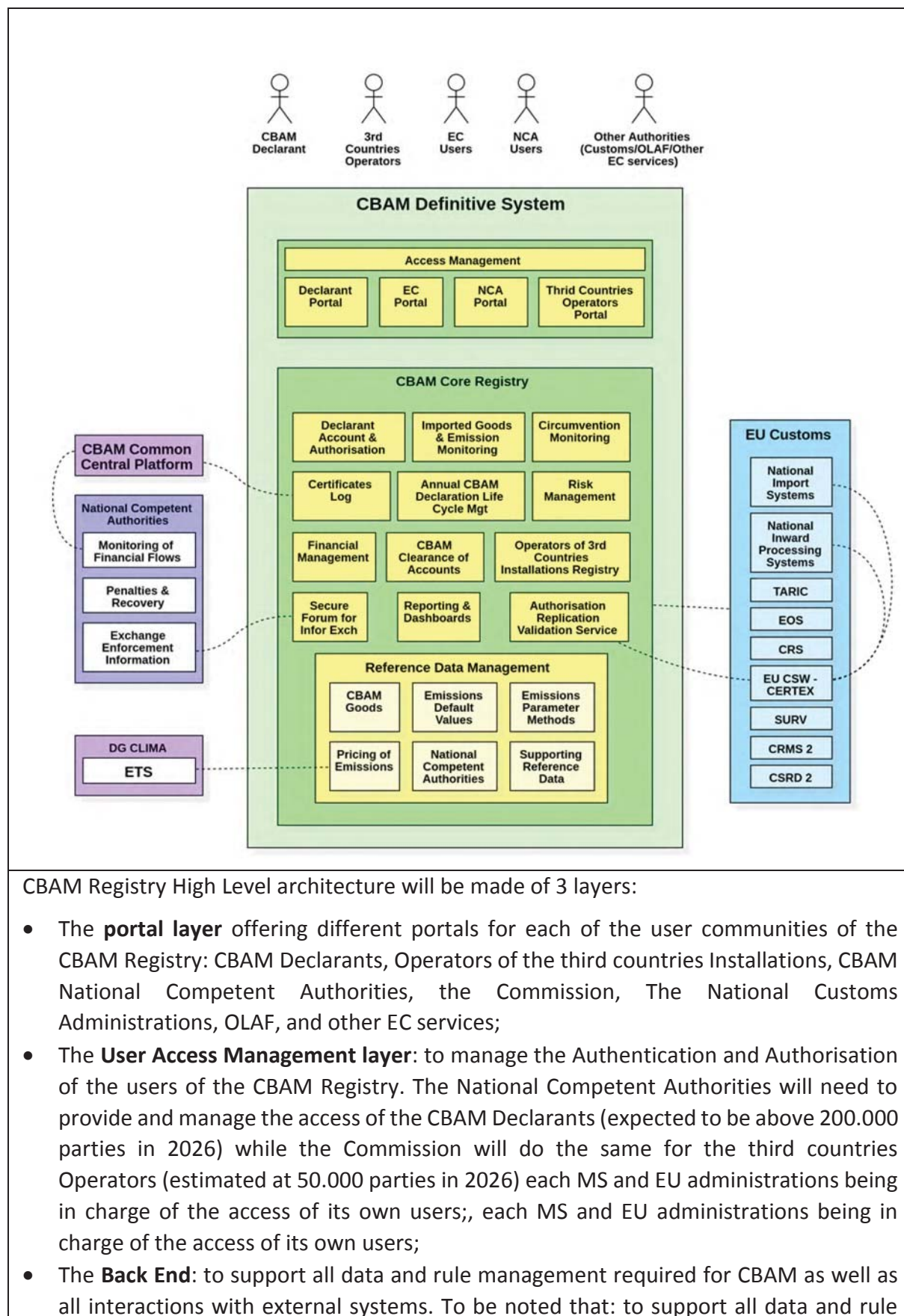
- CBAM Secure Forum Data. (Phase3)
- National Competent Authorities Functions. (Phase3)
- CBAM Non-Compliance Monitoring, Circumvention Investigation, and Risk Management Function. (Phase3)

Further details for each data asset can be found in the table below

CBAM Definitive Primary Asset Description	Relevant Business Component/ Processes Description
BAM Certificate Management Data	CBAM Certificate Lifecycle Management provides information on certificates and number of certificates processed, their value, and manages the certificate's lifecycle, and for providing information for risk and non-compliance monitoring purposes.
CBAM Declarant Data	<p>Declarant Authorisation & Declarant Replication & Validation Data.</p> <p>Declarant Account & Account Management Data.</p> <p>CBAM authorisation management in charge of lifecycle management of the CBAM authorisation granted by the NCA to importers or indirect representatives.</p> <p>Communicates the required information of the CBAM Declarant Account to CBAM Authorisation Replication and Validation Services (ARVS), that maintains the information on the CBAM Authorised Declarants to be provided to NCAs and National Customs Competent Administrations (NCCA) in charge of assessing the importer authorisations.</p>
CBAM Declaration Data, Review, and Declaration Lifecycle Data.	<p>Declaration Lifecycle Management & Declaration Reporting Data.</p> <p>CBAM Declaration Lifecycle (Declaration Creation, Imported Goods, Emissions, Review, Finalisation or Rejection) Management & Reporting.</p>
CBAM Emissions & Calculations Data.	Calculation of CBAM Declarant imported goods emissions based on data obtained per declarant, reference data, registry data (declarant's own values), Operators & 3rd Countries (verification report), etc.
CBAM Imported Goods Data.	The NCA and Commission Portals feature interfaces that monitor the ingress of SURV3 data (incl. identifying issues) and enable users to manually input data, via file batch upload, for imported goods as well as data for inward processing goods. This data will then undergo processing, be stored within the Portals, and subsequently forwarded to the Registry Back End for consolidation.
CBAM Ledger (Registry) Data. Note: The exact data to be stored in the Ledger is not yet finalised. The main concept is that the Ledger is an immutable journal and appropriate security measures have been addressed. This asset will be re-assessed during P3.	<p>Registry Ledger Account Processing & Transaction Data.</p> <p>CBAM Registry Ledger manages, accounts for, and registers journal entries of Declarant data (incl. account number) and transactions between related CBAM component relationships through an append-only data process and immutable data store (incl. for declaration lifecycle management, authorisation & account management, certificate management, risk & non-compliance monitoring, ARVS, etc.).</p>
CBAM Non-Compliance Monitoring, Circumvention Investigation, and Risk Management Data.	<p>CBAM information system used for tracking, monitoring, and enhancing potential or confirmed cases of irregularities & non-compliance in CBAM scheme.</p> <p>Identifying, monitoring, investigating, and reporting on circumvention and other illegal practices in non-compliance with CBAM Regulation.</p> <p>Risk Assessment (incl. results of declarations assessments) & management component to identify & assess risks (e.g. risk events analysis, verification reports, risk control results, etc.) relating to declaration review process & CBAM Registry Back-End potential irregularities & circumventions (further investigation).</p>

	Integrates information and functionality between investigations, risk management, and secure forum for respective activities.
CBAM Reference Data.	Primary source for all CBAM reference data and ensures data consistency and integrity across all CBAM components (directly or indirectly).
CBAM Reporting, Dashboards, Notifications, and Document Management Data.	<p>Critical tool for tracking and monitoring CBAM scheme and KPIs and relevant business metrics collection and analysis.</p> <p>Used to communicate business information to relevant users of CBAM system and scheme; this includes the ability for replying to notifications where necessary/ required.</p> <p>Used for the storage, retrieval, and management of documents affecting many compartments across the CBAM system.</p>
CBAM Secure Forum Data.	<p>Platform for ad hoc communication as well as sensitive information exchange between all authorities responsible for CBAM regulation implementation (NCAs, NCCAs, Commission, Other Authorities such as EPPO, OLAF etc.).</p> <p>All other structured and/ or un-structured information/ data sourced and/ or extracted from the CBAM system and stored and/ or processed in storage and media locations external to the CBAM system.</p>
CBAM Users' Access Management Data.	Users' (e.g., declarants, Member States Customs Authorities, EC Authorities, etc.) access, login, and access management data to the CBAM system.
Operators of 3rd Countries and their Installations Data.	<p>Allows operators of 3rd country installations producing CBAM applicable goods to register/ de-register (e.g. cessation of operations) as CBAM operators and provide relevant information regarding production processes/ methods, qualifying parameters, emissions data, and verification reports, etc.</p> <p>The relevant verification report may be made available for use by CBAM Declarants - this information includes confidential production and qualifying parameters data that may not be available to Declarants but only EU Commission and NCAs).</p>
CBAM Declarant/ Importer Functions	Primary business functions performed by the Declarant/ trader relying on processes executed/ initiated through the CBAM Declarant portal.
CBAM EU Commission Functions	Primary business functions performed by the European Commission relying on processes executed/ initiated through the CBAM Commission portal.
CBAM Non-Compliance Monitoring, Circumvention Investigation, and Risk Management Function	CBAM information system used for tracking, monitoring, and enhancing potential or confirmed cases of irregularities & non-compliance in CBAM scheme.
National Competent Authorities Functions	Primary business functions performed by member state's national competent authorities (NCAs/ NCCAs) relying on processes executed/ initiated through the CBAM NCA portal.
Operators of 3rd Countries Installations & Accredited Verifiers Functions	Primary business functions performed by 3rd Country Operators & Installations and Accredited Verifiers (TBC) relying on processes executed/ initiated through the CBAM 3rd Country Operators & Installations portal.

4.3. Digital solutions



management required for CBAM as well as all interactions with external systems. To be noted that:

- o CBAM will implement numerous workflows, notifications, and exchanges of information across the Commission, the National Competent Authorities and the CBAM Declarants, in particular in the areas of declaration submission, review (including risk assessment);
- o The management of the Declarant accounts, the management CBAM certificates (potentially financial assets), the risk management and the secure exchange of information have high security requirements.

4.4. Interoperability assessment

CBAM is cross border by design as it supports the CBAM lifecycle across the EU, and in particular the orchestration of the Risk Assessment, review of the CBAM Declarations across all NCA and the Commission.

Collaboration across National Customs systems will be ensured, by leveraging the Commission's IT services and interfaces (such as SURV3, EU CSW - CERTEX), as well as new components, specifically designed for CBAM purposes.

The CBAM Registry has been designed to support interoperability by emphasizing use on openness, modularity, decoupling and robust interfaces. It will interact with the CBAM national systems, with the Common Central Platform, the EU Customs systems from DG TAXUD and the National Customs Administrations, with the other DG's systems via open interfaces

The CBAM Central Repository will use the existing interfaces of the EU Customs Systems managed by DG TAXUD and will define dedicated formats for the Customs Import and Inward Processing records to be provided by the National Customs Administrations. The new interfaces with the National Customs Systems will be published early 2024 to allow the National Customs Administrations enough lead time to prepare their systems accordingly.

The S2S interface between the CBAM Registry and the CCP will be based on structured messages exchange and be available early 2024 to allow enough lead time for both the CBAM Registry and the CCP to integrate their respective interfaces by mid-2025.

The S2S interface between the CBAM Registry and the CBAM National Systems (to be developed by the MS) will be based on structured message exchanges and also be made available early 2024.

The S2S interface with the systems of the other EU Authorities will be specified and developed on a bilateral basis during the elaboration and build of the CBAM Registry.

All these interfaces will be structured messages based and will comply as far as possible with the EUCDM and with the UCC Annex B. The A2B and B2B specifications will be referred in a CBAM Implementing Act

Reusability Constraints

The reusability is at the very heart of the architecture principles adopted for the CBAM Central Register. There are two sides to the reusability: use of external services by the CBAM Registry and re-use components in the build of the CBAM Registry.

Reusability from DG TAXUD services and components

The CBAM Registry will use the EU Customs Services offered by DG TAXUD out of the box to:

- retrieve the EORI information of the trader;
- get the customs import records available from Surveillance 3;
- get the CBAM goods from the TARIC system;
- offer the CBAM Authorisations Replication and Validation service to the National Customs Systems via the EU CSW-CERTEX and;
- exchange secure information with the CRMS2 system.

The user access management of the portals of the CBAM Registry will be entrusted to UUM&DS, allowing the willing MS to re-use the Customs credentials of the CBAM Declarants to provide them access to the CBAM Declarant portal and the Commission (or trusted third parties) to grant access right to the Operators of the third countries Installations to their EU Login authentication credentials.

The CBAM Registry will reuse several technology components of the DG TAXUD and Corporate IT landscape without compromising its compliance with the floatability principle spelt out in the Architecture Overview in appendix 2, namely:

- The DG TAXUD TSOAP middleware architecture which will be reused in each of the CBAM Registry compartments;
- The monitoring and auditing COTS Elk and Kafka;
- The sources of the Customs application framework management (TATAFng) of DG TAXUD;
- The documentation and source code of the Customs Decision Management System of DG TAXUD for the built of the CBAM Authorisation system;
- The documentation and source code of the Customer Reference System of DG TAXUD to provision the CBAM Authorisations to the National Customs Systems for their control during the import clearance;
- The documentation and source code of the Customs Risk Management System 2 (CRMS2) of DG TAXUD to provision the Secure Forum for Exchange of Information;
- The DG TAXUD TEMPO methodology, including PM²;
- The 2 Data Centres of DG TAXUD for the testing, integration and for as long as the CBAM Registry operation is entrusted to DG TAXUD, along with their firewalling, Active-Active clustering, the load balancing and the 2 DC Active-Passive to ensure the scalability, High Availability, Disaster Recovery, some of the security needed by the CBAM Registry.

To be noted that DG TAXUD has followed all recommendations from DIGIT since 2014 when designing Business Application Services, Data Services and Utility Services for its generation of SOA applications.

Reusability from EU corporate services and components

The CBAM Registry will use EU Login for the authentication of the CBAM declarants of the MS being UUM&DS type D, of the Operators of the third Countries Installations and all officials of the National Competent Authorities, of the Commission, of the National Customs Administration and other Commission services. The CBAM Registry will use the Customs eIDAS eID network for the authentication of the CBAM Declarants from the MS UUM&DS type A, B & C.

The CBAM Registry will use UUM&DS for the authorisation of all its users.

A migration from UUM&DS to EU Access will be considered when all functionalities of UUM&DS will be offered by EU Access, including the support of the Customs eIDAS eID network.

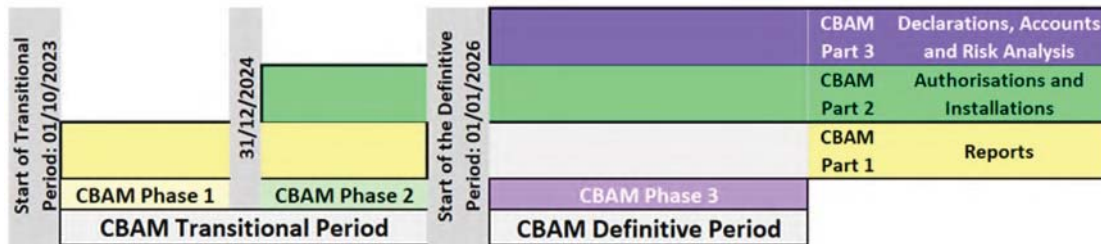
The CBAM Registry will make available the CBAM public information on Europa.

In addition, DG TAXUD is keen to maximize the re-use of Corporate services and components that would meet some of the CBAM requirements, de-risk its timely deployment and secure the quality of its operation while lowering its CAPEX and OPEX.

4.5. Measures to support digital implementation

The CBAM regulation defines the deployment of the CBAM Registry in two periods declined in 3 consecutive phases:

- **Period perspective:** a progressive deployment during a Transitional Period from the Q4 2023 until the Q4 2025, followed by a Definitive Period from Q1 2026.
 - During the **Transitional Period**, the CBAM importers report the emission of their imported goods quarterly but do not have to purchase and surrender certificates. It is the running in period of the CBAM scheme.
 - During the **Definitive Period**, starting on 01 January 2026, the CBAM Declarants must be authorised, they declare their emissions once per year, they purchase certificates to keep their CBAM account at minimum 50% balance between their emissions and the purchased certificates, and they surrender their certificates with their yearly declarations.
- **Phase & Part perspective:**
 - **CBAM Phase 1:** the “CBAM reports” by the importers of CBAM goods (so called Part 1), to be used during the whole Transitional Period as from Q4 2023 (out of scope of the Project Charter);
 - **CBAM Phase 2:** the “CBAM reports” provided by the importers of CBAM goods (Part 1), the CBAM Declarant Authorisation and the registration of the Operators of third countries Installations (so called Part 2) as from 31 December 2024 in anticipation of the Definitive Period;
 - **CBAM Phase 3:** The Part 2 augmented with the CBAM declarations and certificates along with the full CBAM account management (so called Part 3) as from the start of the Definitive Period but without Part 1 “CBAM Reports” as from the end of the Transitional Period 31 December 2025.



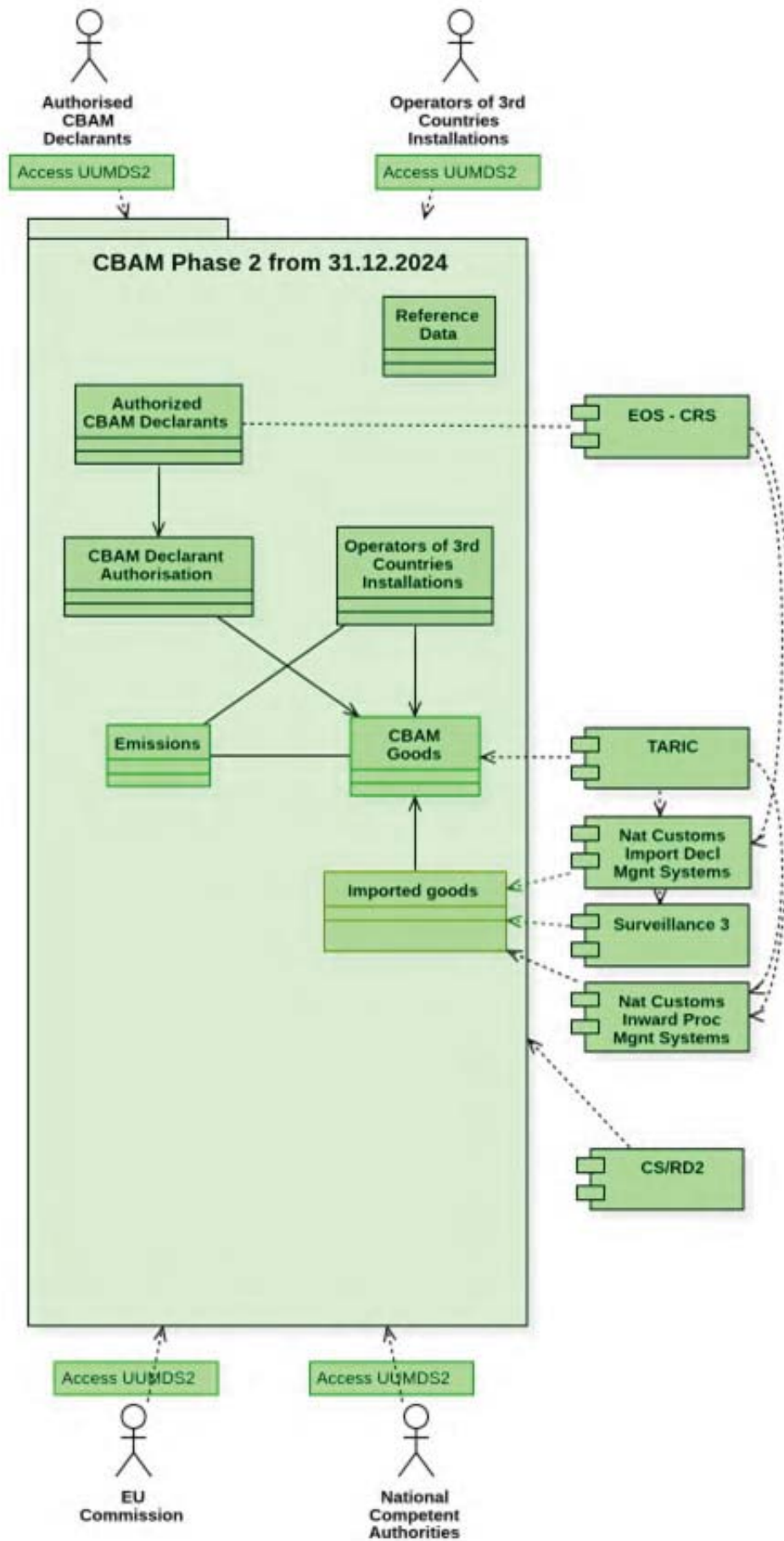
Deployment in two phases/parts of the CBAM Registry

The CBAM Phase 1 (implementation of CBAM Part 1 and its operation from Q4 2023 until end 2025) is entirely covered by the Project Charter of the Transitional Period.

The two figures below illustrate the approach to deliver the full scope of the Definitive System in two phases, depicting the user communities, the external systems at play and the main entities being managed in the scope of the respective phases. Refer to the next section for the definition of the external systems and entities.

CBAM Part 2 Scope: on top of Part 1, The “CBAM reports” by the importers of CBAM goods, comes the Part 2 “CBAM Authorisation and Installations” (both in green in the following diagrams), which will enter in operation on 31 December 2024 as mandated by the CBAM regulation. Both Part 1 and Part 2 will then be further maintained and evolved during the remaining of the Transitional Period. The “CBAM Authorisation and Installation” will be integrated in the CBAM Definitive System while the “CBAM reports” will be phased out at the end of the Transitional Period. The Part 1 and Part 2 interface the CBAM Registry with the National Customs Import Systems, with the National Customs Inward Processing Systems and the supporting EU Customs systems of DG TAXUD to foster compliance at minimal burden for trade. CBAM Part 2 comes in anticipation of the Definitive System by delivering its first component.

The CBAM Phase 2 Timeline: It starts on the 31 December 2024 and ends on the 31 December 2025 with the start of the Definitive Period. The user community is extended to the Operators of the Installations in the third countries while the CBAM Declarants will need to obtain the required authorisations for the Definitive Period.

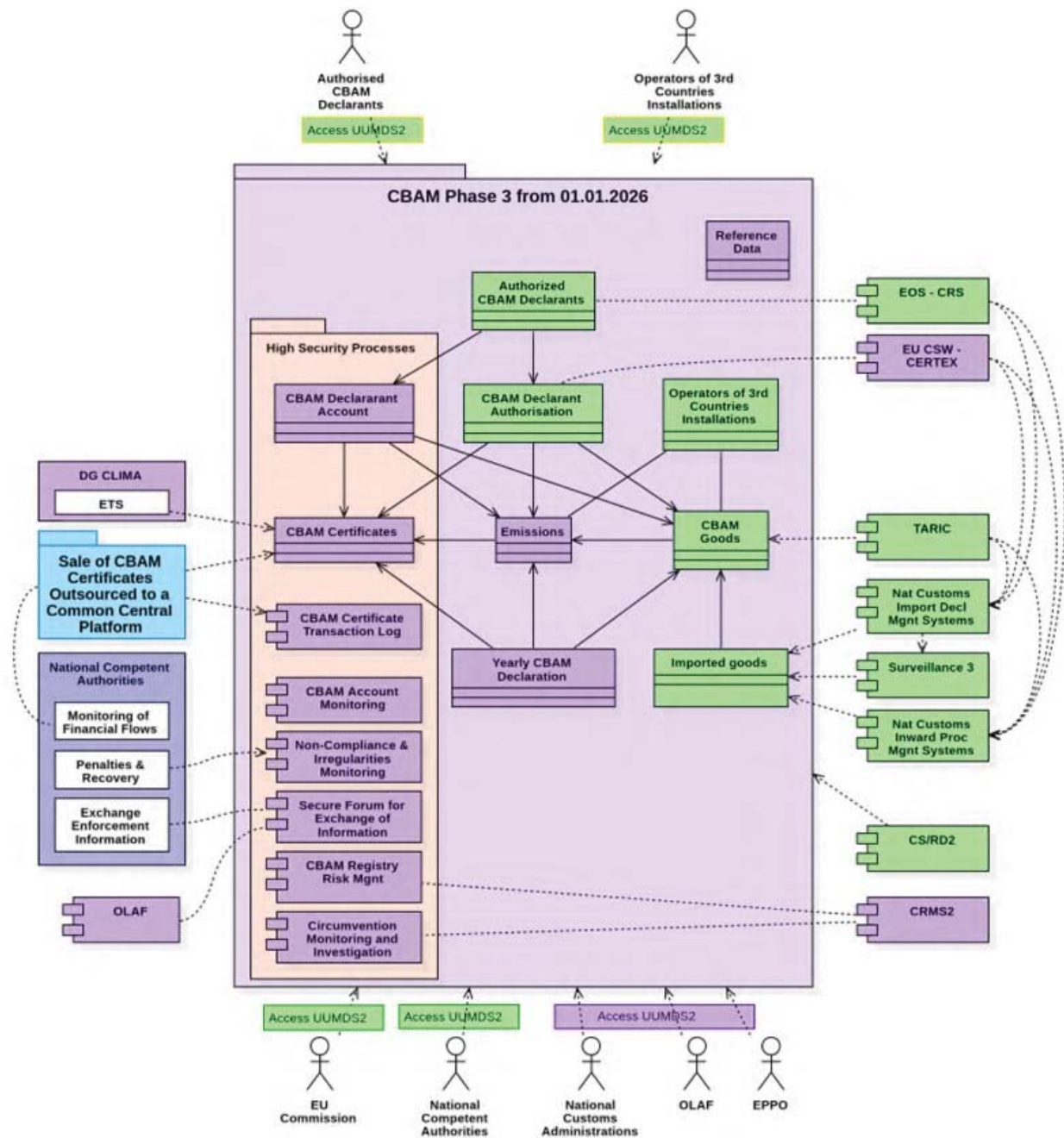


CBAM Part 3 Scope: The “CBAM Declarations, Accounts and Risk Management” part (in purple in the following diagram), will enter in operations at the start of the Definitive Period scheduled for the 1 January 2026. It constitutes the core of the CBAM definitive system. CBAM Part 3 also includes the interfaces with the National Import Systems for the CBAM Authorisations via the EU CSW-CERTEX, the Common Central Platform for the purchasing of CBAM Certificates, ETS, OLAF, and the Systems of the National Competent Authorities. Furthermore, it adds the **CBAM Certificates capabilities** to the CBAM Registry as well as all the Risk Management ones. As the CBAM Certificates and Risk Management modules handle confidential information and monitor cases of circumvention and non-compliance, CBAM Part 3 manages sensitive information and requires highly secure processes. This part will be further maintained and evolved during the Definitive Period.

The CBAM Phase 3 Timeline: It starts on the 1 January 2026 and matches with the Definitive Period. During this phase, only the parts 2 & 3 of CBAM will operate in parallel and in close interaction, as the Part 1 was specific for the Transitional Period and is phased out. The user community is extended to the National Customs Administrations

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CBAM Phase 3 - High Level Architecture