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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

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

In its Communication of 26 February 2025¹, the Commission stressed the importance of Union policies and instruments that achieve their objectives at minimum cost. At its core is the goal to simplify and streamline certain reporting requirements, with the ultimate aim to reduce administrative burdens without undermining the concerned policy objectives. This goal is in line with the Competitiveness Compass presented by the Commission on 29 January 2025.

Reporting requirements play a key role in ensuring correct enforcement and proper monitoring of legislation. Generally, their costs are largely offset by the benefits they bring. However, reporting requirements can also impose disproportionate burdens on stakeholders, particularly affecting small and medium-sized enterprises and micro-companies.

This proposal will deliver simplifications and cost-efficient improvements of Regulation (EU) 2023/956 establishing a Carbon Border Adjustment Mechanism ('CBAM Regulation')² without affecting the achievement of objectives in this policy area. The proposed measures will not undermine the environmental objective of CBAM, rather the measures will enable a more efficient CBAM while the key design principles of the mechanism will remain unchanged.

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 rely on complex calculations and data collection processes which hamper the CBAM's effective 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 the Commission to better detect risks and the national competent authorities to be better equipped to take appropriate actions where needed.

• Consistency with existing policy provisions in the policy area

This proposal is part of a package of measures aiming at simplifying reporting requirements, by looking comprehensively at existing requirements, with a view to assess their continued relevance and to make them more efficient. It builds on existing rules from the CBAM Regulation, the Commission Implementing Regulation (EU) 2023/1773 of 17 August 2023 laying down the reporting obligations for the transitional period³ and the Commission

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² Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (OJ L 130, 16.5.2023, p. 52, ELI: <http://data.europa.eu/eli/reg/2023/956/oj>).

³ Commission Implementing Regulation (EU) 2023/1773 of 17 August 2023 laying down the rules for the application of Regulation (EU) 2023/956 of the European Parliament and of the Council as regards reporting obligations for the purposes of the carbon border adjustment mechanism during the transitional period (OJ L 228, 15.9.2023, p. 94, ELI: http://data.europa.eu/eli/reg_impl/2023/1773/oj).

Implementing Regulation (EU) 2024/3210 of 18 December 2024 laying down rules for the CBAM registry⁴.

- **Consistency with other Union policies**

The proposal is consistent with the objectives of the better regulation agenda, as it will strengthen the Commission's ability to carry out its general supervision of CBAM, while avoiding the costs (both for the Commission and the entities providing the information) that would otherwise be incurred in collecting the information through other means.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The proposal amends an existing regulation. Therefore, the legal basis for the proposal is the same as the legal basis of the amended Regulations, namely Article 192(1) of the Treaty on the Functioning of the European Union ('TFEU') in the area of environment protection.

In accordance with Articles 191 and 192(1) of TFEU, the Union shall contribute to the pursuit, inter alia, of the following objectives: preserving, protecting and improving the quality of the environment, promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.

- **Subsidiarity (for non-exclusive competence)**

The CBAM Regulation created a common uniform framework ensuring an equivalence between the carbon pricing policy applied in the EU's internal market and the carbon pricing policy applied on imports.

The simplifications to that regulation envisaged by this proposal will further enhance legal certainty and rationalise the reporting requirements.

- **Proportionality**

The simplification of reporting requirements simplifies the legal framework by introducing changes to existing requirements that do not affect the substance of the policy objectives. The proposal is therefore limited to those changes that are necessary decrease the compliance burden and to ensure compliance in a more efficient manner without changing the substantial elements of the legislation concerned.

The proposal is consistent with the principle of proportionality as it does not go beyond what is necessary to meet the objectives of the Treaties. The proportionality of the proposal has a number of important aspects.

Firstly, it is recognised that it is challenging for importers to deal with the CBAM reporting requirements while at the same time Member States' competent authorities must carry out important supervision tasks. This will be mitigated by introducing a threshold to exempt from CBAM obligations certain importers.

⁴ Commission Implementing Regulation (EU) 2024/3210 of 18 December 2024 laying down rules for the application of Regulation (EU) 2023/956 of the European Parliament and of the Council as regards the CBAM registry (OJ 30.12.2024, ELI: http://data.europa.eu/eli/reg_impl/2024/3210/oj).

Secondly, for importers in scope, the proposal contains changes to the reporting requirements, targeting those which are relevant to decrease the compliance burden and ensure submission in a more efficient manner.

- **Choice of the instrument**

The proposal requires amending the CBAM Regulation. It lays down the specific rules necessary for the simplified application of certain provisions of the CBAM Regulation, where the goals pursued cannot be reached through the adoption of implementing measures as they require amending basic provisions of the CBAM Regulation. This concerns the provisions relating to the scope exemption, the reporting obligations, the calculation of embedded emissions and the calculation of the financial adjustment.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

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

- **Stakeholder consultations**

Since the CBAM started to apply in its transitional phase on 1 October 2023, the Commission Services have continuously been consulting stakeholders relevant for CBAM via multiple communication channels. In 2023, the Commission Services renewed the mandate of the expert group on CBAM⁵ whose mission is to assist the Commission services in the development and implementation of the CBAM, harness technical expertise and bring exchanges of experience and good practices in CBAM implementation.

In 2023, the Commission Services also launched a broad communication campaign to raise awareness about CBAM, explain the rules and provide useful advice in how CBAM could be implemented by the relevant stakeholders (such as importers, third country producers, national authorities). This communication campaign relied on publicly available live webinars in several EU languages. Useful materials have been provided on the CBAM-dedicated webpage⁶: targeted e-learning materials, Q&A, guidance (also translated to non-EU official languages).

The Commission was also in regular contact with national competent authorities for CBAM, to discuss various issues concerning implementation of CBAM, with a view to improve its functioning and effectiveness.

On 6 February 2025, the Commission hosted a high-level consultation day with key stakeholders to test the main ideas of the legislative package on simplification on targeted policies, including the CBAM, and to collect input and feedback ahead of its adoption on 26 February 2025.

Based on these actions and repeated public meetings with relevant business representatives, the Commission Services have collected sufficient feedback from stakeholders to adopt the

⁵ <https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&groupID=3927>

⁶ https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en

best measures to achieve the objective of the proposal: simplify the complex reporting rules to reduce the compliance burden and ensure CBAM is efficiently rolled out while preserving its environmental objective and climate objective.

- **Collection and use of expertise**

The proposal has been elaborated following a process of internal scrutiny of existing reporting obligations and is based on experience in implementing the related legislation, including the data collected through the quarterly CBAM report submitted by declarants. Since this is a step in the process of continuous assessment of reporting requirements in Union legislations, the scrutiny of such burdens and of their impact on stakeholders will continue in the future.

- **Impact assessment**

The proposal concerns limited and targeted changes of the CBAM Regulation to simplify some of its complex reporting requirements. The main measures are based on experience in implementing this Regulation and abovementioned related implementing acts. The proposed targeted changes ensure a more efficient and effective implementation of the existing mechanism.

This proposal is accompanied by an analytical document, the Commission Staff Working Document (SWD) “Towards a simpler and more effective Carbon Border Adjustment Mechanism”⁷. The analytical document builds on and further complements the analysis carried out in the original impact assessment conducted in 2021.

- **Regulatory fitness and simplification**

In the 2021 impact assessment accompanying the CBAM legislative proposal⁸, the Commission concluded that, since CBAM is initially applied to imports of selected basic materials and their products, large businesses would be the primary ones affected, but that in practice the CBAM would result in relatively higher compliance costs for small and medium-sized enterprises (SMEs) compared to large enterprises in scope of CBAM, e.g. those importing CBAM goods above the exemption.

Based on the experience in implementing CBAM, in its transitional phase, and assessment of stakeholders’ feedback since 1 October 2023, it has become clear that CBAM requires two types of main simplifications: a broader exemption from CBAM requirements of importers of very small quantities of CBAM goods, and a set of simplifications for importers of CBAM goods above the exemption to facilitate their compliance with complex reporting requirements.

The proposed simplification is expected to exempt around 90% of importers from CBAM obligations, while maintaining more than 99% of embedded emissions in scope of CBAM, thereby safeguarding the environmental nature of the mechanism.

- **Fundamental rights**

The proposal respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the Union. In particular, it contributes to

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⁸ SWD(2021) 643 final.

the objective of a high level of environmental protection in accordance with the principle of sustainable development as laid down in Article 37 of the Charter.

4. BUDGETARY IMPLICATIONS

This proposal will have implications for the EU budget. Its impact is assessed in the legislative financial and digital statement accompanying this proposal.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

As the proposal amends the CBAM Regulation, it does not have additional implementation plans and monitoring, evaluation and reporting arrangements beyond the existing ones under the said Regulation.

It is however important to recall that the Commission will continue ensuring that arrangements are in place to monitor and evaluate the functioning of the CBAM, including its enforcement against circumvention practices, and evaluate it against the main policy objectives. Given that the CBAM is one of the policy proposals under the 'Fit for 55 Package' adopted by the Commission in July 2021⁹, monitoring and evaluation will be carried out in alignment with the other policies of the package.

The Commission will monitor how CBAM is implemented to feed into its analysis and will regularly report to the European Parliament and to the Council on the application of the Regulation. As part of that reporting, the Commission will propose possible changes to improve its functioning, collect the necessary information for a potential further extension of the scope of CBAM, including on other goods that could be at risk of carbon leakage, such as downstream products. Those reports should also contain an assessment of the impact of the CBAM on carbon leakage, including in relation to exports, and its economic, social and territorial impact throughout the Union.

- **Detailed explanation of the specific provisions of the proposal**

The proposal contains two types of simplifications.

First, importers of small quantities of CBAM goods, which represent very small quantities of embedded emissions imported into the Union and in most cases correspond to SMEs and individuals, will be exempt from CBAM obligations. For those importers, the administrative burden resulting from compliance with CBAM obligations significantly outweigh the environmental and regulatory benefit. This is due to the combination of (i) their insignificant share of embedded emissions of all CBAM goods imported into the Union and (ii) the inability of national authorities to enforce the rules due to the large numbers of importers of small quantities of CBAM goods.

Second, the proposal contains a set of simplifications for importers of CBAM goods above the threshold to facilitate their compliance with complex reporting requirements. In particular, the proposal simplifies and streamlines the authorisation procedure for national competent authorities and the Commission, the data collection processes from third country producers to authorised CBAM declarants, the calculation of embedded emissions for certain goods, the

⁹ COM(2020) 690 final.

emission verification rules, the calculation of the authorised CBAM declarants' financial liability during the year of imports into the EU and the claim by authorised CBAM declarants for carbon prices paid in third countries where goods are produced.

Article 1(1) amends the scope exemption of the CBAM by introducing a mass threshold as laid out in a new Annex VI to the CBAM Regulation, to exclude very small quantities of goods imported into the EU.

Article 1(2) amends the definitions of importer and operator to facilitate reporting requirements.

Articles 1(3) and 1(4)(a) to (b) draw the consequences of the new scope exemption on the rules related to the authorisation that importers must be granted to import goods above the threshold.

Article 1(4)(c) introduces the possibility for authorised CBAM declarants to claim a carbon price paid in a third country other than the country of origin.

Article 1(4)(d) creates the possibility for authorised CBAM declarants to delegate reporting requirements to third parties to facilitate compliance, while they remain legally responsible.

Articles 1(5) modifies the emission calculation to facilitate the calculation of embedded emissions in the case of aluminium and steel downstream goods, complements the information to be reported by authorised CBAM declarants as a consequence of the amendments made to the CBAM, and changes the annual deadline for them to submit their annual CBAM declaration.

Articles 1(6) and 1(26) amend the rules on emission verification so that the obligation to verify embedded emissions only applies to actual values.

Article 1(7) introduces the possibility for authorised CBAM declarants to use default carbon prices calculated and made available by the Commission, via delegated acts, and claim carbon prices effectively paid in third countries other than the country of origin of the goods.

Article 1(8) facilitates reporting obligations by introducing several changes to the portal established pursuant to Article 10 to register operators and installations in third countries.

Article 1(9) creates the registration of accredited verifiers so they can access the CBAM registry and carry out certain relevant tasks to facilitate reporting obligations.

Article 1(10) strengthens the empowerment Member States should give to their national competent authority to carry out the CBAM-related duties and responsibilities.

Articles 1(11) and 1(13) draw the consequences of the changes introduced by this proposal on the requirements applying on the CBAM registry, risk analysis and monitoring.

Article 1(12) streamlines the consultation of other competent authorities and the Commission to reduce excessive administrative burden.

Article 1(14) moves the start date of the sales of CBAM certificates to February 2027 to address significant uncertainties related to the year 2026, which is the first year of the post-

transitional period, and streamlines the information exchanges between the CBAM registry and the common central platform.

Article 1(15) and 1(18) draw the consequences of the move of certificate sales to 2027 on the determination of the financial adjustment for the year 2026.

Article 1(16) simplifies the calculation as from 2027 by authorised CBAM declarants of their expected financial liability during the year of imports.

Article 1(17) modifies the repurchase limit to facilitate the way authorised CBAM declarant may manage their CBAM financial liability and draws the consequence of the change of the CBAM declaration submission annual deadline.

Articles 1(19), 1(20) and 1(22) strengthen monitoring of the CBAM by the Commission and national authorities, in light of the simplifications made by this proposal, and streamline information exchanges.

Article 1(21) introduces the possibility for competent authorities to modulate the penalty based on relevant facts and circumstances and draws the consequences of the new scope exemption.

Article 1(23) amends the empowerments given to the Commission by the co-legislators to adopt delegated acts in light of the simplifications made by this proposal.

Article 1(24) complements the reporting by the Commission to the co-legislators with the application of the scope exemption as amended by this proposal.

Article 1(25) amends the list of CBAM goods to exclude non-calcined kaolinic clays.

Article 1(26) adds electricity to the list of CBAM goods for which only direct emissions are to be taken into account in the calculation of the embedded emissions.

Finally, the Annexes contain several simplifications of embedded emission calculation to facilitate reporting obligations, for instance in the case of default values or precursors produced in the EU.

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹⁰,

Having regard to the opinion of the Committee of the Regions¹¹,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Since the start of the transitional period on 1 October 2023, the Commission has been collecting data and information on the implementation of the Carbon Border Adjustment Mechanism ('CBAM') as provided for in Regulation (EU) 2023/956 of the European Parliament and of the Council¹², including through the analysis of quarterly reports submitted by reporting declarants. The information collected as well as exchanges with stakeholders, including as part of the expert group on the CBAM, have outlined possibilities for simplification and improvement of the CBAM. The Union is committed to ensure a smooth roll-out of the CBAM during the post-transitional period starting on 1 January 2026,
- (2) The distribution of importers of CBAM goods into the Union shows that only a small proportion of importers accounts for the vast majority of embedded emissions imported into the Union. The derogation applied to the importation of goods of negligible value referred to in Article 23 of Regulation (EC) No 1186/2009 (consignments of a value below EUR 150) appears insufficient to ensure that the CBAM applies to importers in proportion to their impact on emissions covered in the scope of Regulation (EU) 2023/956. For these importers of small quantities of goods, compliance with CBAM reporting and financial obligations is perceived as a burden. Therefore, an amended scope exemption (the 'threshold') should be introduced to exempt importers of small quantities of CBAM goods from CBAM obligations, while

¹⁰ OJ C [...], [...], p. [...].

¹¹ OJ C [...], [...], p. [...].

¹² Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (OJ L 130, 16.5.2023, p. 52, ELI: <http://data.europa.eu/eli/reg/2023/956/oj>).

preserving the environmental objective of the mechanism and its capacity to achieve its climate objective,

- (3) Whereas a consignment-based threshold may appear simpler in design, it reflects imperfectly the environmental nature of the CBAM since it does not account for the total imported embedded emissions over a time period. It also creates risks of circumvention such as through the artificial splitting of consignments as well as potential fairness issues between consignments slightly below and those slightly above the threshold. A cumulative threshold allows for a more targeted and robust approach,
- (4) Based on the experience and data collected during the transitional period, an emission-based threshold over a period of a calendar year would better translate the climate objective of the CBAM. A threshold set at a level of 100 tonnes of CO₂ equivalent will exempt the vast majority of importers from obligations under Regulation (EU) 2023/956 while maintaining more than 99% of embedded emissions in the scope of the CBAM,
- (5) Based on the experience and data collected during the transitional period, a mass-based threshold reflecting the average emissions intensity of the volume of imported CBAM goods would better translate the climate objective of the CBAM. A threshold set at a level of 50 tonnes will exempt the vast majority of importers from obligations under this Regulation while maintaining more than 99% of embedded emissions in the scope of the CBAM,
- (6) The main principles governing the threshold, including ensuring that nearly all embedded emissions remain in the scope of the CBAM, should be laid down in the Regulation to provide legal certainty. The Regulation should also provide for the possibility to re-calculate the threshold on the basis of updated average emission intensities of imported goods or significant changes in trade patterns or practices of circumvention affecting the coverage of embedded emissions in the scope of the CBAM,
- (7) To ensure that the exemption is sufficiently targeted, it should apply to the importer. The indirect customs representative, due to the nature of its activity and the related obligations under Regulation (EU) 2023/956, should always be required to obtain an authorisation,
- (8) The competent authorities and the Commission should – based on customs information – monitor the quantities of goods imported to assess compliance with the threshold. To allow the competent authorities to make an informed decision, the customs authorities and the Commission should make the necessary information and data available to the competent authorities. Where the competent authority concludes that an importer has exceeded the threshold, the decision should be communicated to the customs authorities, who should not allow further importation of goods from that importer until the end of the calendar year or until the importer has obtained the status of authorised CBAM declarant,
- (9) Where an importer expects to exceed the annual threshold or intends to import goods after exceeding the threshold, the importer should apply for authorisation pursuant to Article 5 of Regulation (EU) 2023/956. For importers who have not been granted the authorisation before exceeding the threshold, penalties should apply for the entirety of the imported goods in accordance with Article 26(2) of Regulation (EU) 2023/956. The payment of the penalty in accordance with Article 26(2) of that Regulation should

release the importer from the obligation to submit a CBAM declaration and to surrender CBAM certificates,

- (10) In order to ensure that the definition of an importer covers all relevant customs procedures, it is necessary to amend it to include the case of the simplified customs procedure where only a bill of discharge is submitted pursuant to Article 175(5) of Commission Delegated Regulation (EU) 2015/2446¹³,
- (11) In order to strike a balance between the effectiveness of the authorisation procedure and the risk profile of the applicants, the consultation procedure should be optional for the competent authority. The consultation procedure should allow the competent authority to consult other competent authorities and the Commission when considered necessary based on the information submitted by the applicant and customs information made available in the CBAM registry,
- (12) To provide additional flexibility, the authorised CBAM declarant should be able to delegate the submission of the CBAM declaration to a third party ('CBAM representative') who they consider having the necessary expertise. The authorised CBAM declarant will remain liable for all CBAM obligations. To provide the required delegation and access, the CBAM representative should fulfil certain technical credentials, including possessing an Economic Operators Registration and Identification (EORI) number and being established in a Member State, which should be determined in an implementing act,
- (13) Authorised CBAM declarants are required to submit their annual CBAM declaration and surrender the corresponding number of certificates by 31 May of the year following the year of import. Providing for a later date of submission would provide more time to authorised CBAM declarants to collect the necessary information, ensure that embedded emissions are verified by an accredited verifier, and purchase the corresponding number of CBAM certificates,
- (14) The embedded emissions of some aluminium and steel goods currently included in the scope of CBAM are primarily determined by the embedded emissions of input materials (precursors), while the emissions arising during the production steps of these goods are typically relatively low. They consist of finishing processes that are carried out by separate installations not covered by EU Emissions Trading System (ETS) as provided for in Directive 2003/87/EC of the European Parliament and of the Council¹⁴ (except in the case of integrated facilities). The embedded emissions of those production processes should be excluded from the system boundaries of the calculation of emissions,
- (15) Where input materials (precursors) are produced in countries where the EU ETS applies or whose emissions trading systems are fully linked to the EU ETS, it is not necessary to account for the embedded emissions of these precursors the calculation of the embedded emissions of these complex goods,

¹³ Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code (OJ L 343, 29.12.2015 p. 1, ELI: http://data.europa.eu/eli/reg_del/2015/2446/oj).

¹⁴ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, ELI: <http://data.europa.eu/eli/dir/2003/87/oj>).

- (16) Authorised CBAM declarants are required to submit an annual CBAM declaration containing the calculation of embedded emissions on the basis of either default values or actual values calculated by operators. Default values will be calculated and made available by the Commission. Therefore, the verification of embedded emissions should only apply to actual values,
- (17) Information collected during the transitional period illustrates difficulties for reporting declarants to obtain the required information on the carbon price effectively paid in a third country, in particular with regards to electricity. Therefore, to facilitate the deduction of the carbon price effectively paid in a third country, the Commission should be empowered to establish and publish, where possible, an annual average carbon price expressed in EUR/tCO₂e of the effective carbon price paid,
- (18) Authorised CBAM declarants may claim a reduction in the number of CBAM certificates to be surrendered corresponding to the carbon price effectively paid in the country of origin for the declared embedded emissions. Since the carbon price may be paid in a third country other than the country of origin of the imported goods, such carbon price should also be eligible for deduction,
- (19) To improve the reliability of the emissions data contained in the CBAM registry and to facilitate the submission of data, it is necessary to allow accredited verifiers to access the CBAM registry to verify the embedded emissions upon request from an operator. In addition, parent companies of the operator should be allowed to access the CBAM registry for the purpose of registering and sharing relevant data on behalf of their subsidiaries. Operators should be required to provide a corporate or activity registration number to ensure their identification,
- (20) To foster implementation of Regulation (EU) 2023/956 at national level, Member States should ensure that the competent authorities have the necessary powers to perform their duties,
- (21) To provide authorised CBAM declarants sufficient time to adapt to the amendment of Regulation (EU) 2023/956, they should exceptionally only be obliged to purchase CBAM certificates in 2027 for emissions embedded in goods imported during the year 2026. The price of CBAM certificates purchased in 2027 corresponding to emissions embedded in goods imported into the EU in 2026 should reflect the prices of EU ETS allowances in 2026,
- (22) The obligation for the authorised CBAM declarant to ensure that the number of CBAM certificates on their account in the CBAM registry at the end of each quarter corresponds to at least 80 %, calculated based on default values, of the emissions embedded in the goods they have imported since the start of the year is insufficiently tailored to the expected financial adjustment. It is therefore necessary to reduce the ratio from 80 % to 50 % and to integrate the free allocation of EU ETS allowances. in this ratio. Furthermore, the authorised CBAM declarant should be able to rely on the information submitted in the CBAM declaration for the previous year, for the same goods and third country,
- (23) The repurchase limit should likewise better align with the number of CBAM certificates which authorised CBAM declarants are required to purchase during the year of imports,
- (24) Where the greenhouse gas emissions embedded in different types of goods under the same CN code listed in Annex I of Regulation (EU) 2023/956 can vary significantly, the Commission should be empowered to further differentiate between these different

types of goods, with a view to facilitating the detection of falsely declared embedded emissions,

- (25) The competent authorities, when applying penalties, should be able to take into account the specific circumstances such as the intentional or negligent behaviour of the declarant. This would allow to reduce the amount of the penalty where negligible or unintentional errors are made,
- (26) The CBAM applies to certain carbon-intensive goods imported into the EU. The list of CBAM goods in Annex I of Regulation (EU) 2023/956 includes ‘Other kaolinic clays’ in the list of cement goods. While calcined kaolinic clays are carbon-intensive products, this is not the case for non-calcined kaolinic clays. Non-calcined kaolinic clays should therefore be excluded from the CBAM scope,
- (27) Annex II of Regulation (EU) 2023/956 lists the goods for which only direct emissions should be taken into account in the calculation of embedded emissions. For goods not listed in that Annex, both direct and indirect emissions should be taken into account. Since indirect emissions are not relevant in the case of electricity generation, they should be added to the list of goods in that Annex II for which only direct emissions are to be accounted for,
- (28) To supplement or amend certain non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of:
- amending the threshold in Annex VII, where necessary, as determined in accordance with Article 2(3a) of this Regulation;
 - supplementing this Regulation by setting and regularly updating default carbon prices in accordance with Article 9(5) of this Regulation; and
 - complementing Annex I by adding specifications concerning the customs classification of goods within a CN code in accordance with Article 25(7) of this Regulation,
- (29) To allow for the timely adoption of implementing and delegated acts under this Regulation, this Regulation should enter into force on the day following that of its publication in the Official Journal of the European Union,
- (30) Regulation (EU) 2023/956 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Amendment to Regulation (EU) 2023/956

Regulation (EU) 2023/956 is amended as follows:

- (1) Article 2 is amended as follows:
- (a) paragraph 3 is replaced by the following:
- ‘3. By way of derogation from paragraphs 1 and 2, this Regulation shall not apply to goods to be moved or used in the context of military activities pursuant to Article 1, point (49), of Commission Delegated Regulation (EU) 2015/2446(23).’;
- (b) after paragraph 3, the following paragraph is inserted:

‘3a. [By way of derogation from paragraphs 1 and 2, importers, including authorised CBAM declarants, shall be exempted from the obligations under this Regulation, where the goods listed in Annex I to this Regulation, with the exception of electricity and hydrogen, do not exceed, cumulatively per calendar year, the mass-based threshold laid down in Annex VII to this Regulation.

The Commission is empowered to adopt delegated acts to amend Annex VII to reflect, where necessary, a material change in the average emission intensities of goods used for the calculation of the threshold, or significant changes in trade patterns including practices of circumvention of the threshold laid out in Article 27(2)(b) of this Regulation. The threshold shall be set at a level which ensures that at least 99% of the emissions embedded in the import of goods and processed products pursuant to Article 2(1) and 2(2) of this Regulation are not covered by this derogation.].’;

(2) Article 3 is amended as follows:

(a) point (15) is replaced by the following:

‘(15) ‘importer’ means either the person lodging a customs declaration for release for free circulation of goods or a bill of discharge in accordance with Article 175(5) of Delegated Regulation (EU) 2015/2446 (*) in its own name and on its own behalf or, where the customs declaration is lodged by an indirect customs representative in accordance with Article 18 of Regulation (EU) No 952/2013, the person on whose behalf such a declaration is lodged;

(*) OJ L 343, 29.12.2015, p. 1.’;

(b) point (31) is replaced by the following:

‘(31) ‘operator’ means any person who operates or controls an installation in a third country, including a parent company controlling an installation in a third country directly or through a subsidiary company;’;

(3) Article 5 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Any importer established in a Member State shall, prior to importing goods into the customs territory of the Union, apply for the status of authorised CBAM declarant (‘application for an authorisation’).

An indirect customs representative shall apply for authorisation where the indirect customs representative is appointed by an importer in accordance with Article 18 of Regulation (EU) No 952/2013 and agrees to act as an authorised CBAM declarant, including where that importer is subject to the derogation pursuant with Article 2(3a).’;

(b) the following paragraph [1a] is inserted:

‘1a. [An importer shall apply for authorisation in accordance with paragraph 1 where the importer expects to exceed the threshold as referred to in Article 2(3a) of this Regulation.].’;

(c) paragraph 2 is replaced by the following:

‘2. Where an importer is not established in a Member State, the indirect customs representative shall submit the application for an authorisation, including where that importer is subject to the derogation pursuant with Article 2(3a).’;

(d) in paragraph 5, point (g) is replaced by the following:

‘(g) estimated monetary value, volume of imports of goods into the customs territory of the Union by type of goods and information on the Member States of import, for the calendar year during which the application is submitted, and for the following calendar year;’;

(e) the following paragraph [7a] is inserted:

‘7a. [An authorised CBAM declarant may delegate the submission of CBAM declarations as referred to in Article 6 of this Regulation to a person acting on their behalf and in the name of that declarant. The authorised CBAM declarant shall remain responsible for performing their obligations laid down in this Regulation.]’;

(4) Article 6 is amended as follows:

(a) in paragraph 1, ‘May’ is replaced by ‘October’;

(b) paragraph 2 is replaced by the following:

2. The CBAM declaration shall contain the following information:

(a) the total quantity of each type of goods imported during the preceding calendar year, expressed in megawatt-hours for electricity and in tonnes for other goods, including the imported goods below the threshold pursuant to Article 2(3a);

(b) the total embedded emissions in the goods referred to in point (a) of this paragraph, expressed in tonnes of CO₂e emissions per megawatt-hour of electricity or, for other goods, in tonnes of CO₂e emissions per tonne of each type of goods, calculated in accordance with Article 7 and verified in accordance with Article 8 or based on default values as referred to in Art. 7(2);

(c) the total number of CBAM certificates to be surrendered, corresponding to the total embedded emissions referred to in point (b) of this paragraph after the reduction that is due on the account of the carbon price paid in a third country in accordance with Article 9 and the adjustment necessary to reflect the extent to which EU ETS allowances are allocated free of charge in accordance with Article 31;

(d) where applicable, copies of verification reports, issued by accredited verifiers, under Article 8 and Annex VI.’;

(c) paragraph 6 is replaced by the following:

‘6. The Commission is empowered to adopt implementing acts concerning the standard format of the CBAM declaration, including detailed information for each installation and country of origin or other third country and type of goods to be reported which supports the totals referred to in paragraph 2 of this Article, in particular as regards embedded emissions and carbon price paid, the procedure for submitting the CBAM declaration via the CBAM registry, and the arrangements for surrendering the CBAM certificates referred to in paragraph 2, point (c), of this Article, in accordance with Article 22(1), in particular as regards the process and the selection by the authorised CBAM declarant of certificates to be surrendered. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).’;

(5) Article 7 is amended as follows:

(a) paragraph 5 is replaced by the following:

‘5. The authorised CBAM declarant shall keep records of the information required to calculate the embedded emissions in accordance with the requirements laid down in Annex V. Those records shall be sufficiently detailed to enable verifiers accredited pursuant to Article 18, where applicable, to verify the embedded emissions in accordance with Article 8 and Annex VI and to enable the Commission and the competent authority to review the CBAM declaration in accordance with Article 19(2).’;

(b) in paragraph 7, point (a) is replaced by the following:

‘(a) the application of the elements of the calculation methods set out in Annex IV, including determining system boundaries of production processes, which shall be limited to the system boundaries of production processes covered by the EU ETS, and relevant input materials (precursors), emission factors, installation-specific values of actual emissions and default values and their respective application to individual goods as well as laying down methods to ensure the reliability of data on the basis of which the default values shall be determined, including the level of detail of the data, and including further specification of goods that are to be considered as ‘simple goods’ and ‘complex goods’ for the purpose of point 1 of Annex IV; those implementing acts shall also specify the elements of evidence demonstrating that the criteria required to justify the use of actual emissions for electricity consumed in the production processes of goods for the purpose of paragraph 2 that are listed in points 5 and 6 of Annex IV are met;’;

(6) in Article 8, paragraph 1 is replaced by the following:

‘1. Where the embedded emissions are determined on the basis of actual emissions, the authorised CBAM declarant shall ensure that the total embedded emissions declared in the CBAM declaration submitted pursuant to Article 6 are verified by a verifier accredited pursuant to Article 18, based on the verification principles set out in Annex VI.’;

(7) Article 9 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. An authorised CBAM declarant may claim in the CBAM declaration a reduction in the number of CBAM certificates to be surrendered in order to take into account the carbon price paid in a third country for the declared embedded emissions. The reduction may be claimed only if the carbon price has been effectively paid in a third country. In such a case, any rebate or other form of compensation available in that country that would have resulted in a reduction of that carbon price shall be taken into account.’;

(b) paragraph 2 is replaced by the following:

‘2. The authorised CBAM declarant shall keep records of the documentation required to demonstrate that the declared embedded emissions were subject to a carbon price in a third country that has been effectively paid as referred to in paragraph 1. The authorised CBAM declarant shall in particular keep evidence related to any rebate or other form of compensation available, in particular the references to the relevant legislation of that country. The information contained in that documentation shall be certified by a person that is independent from the authorised CBAM declarant and from the authorities of the third country. The name and contact information of that independent person shall appear on the documentation. The authorised CBAM declarant shall also keep evidence of the actual payment of the carbon price.’;

(c) after paragraph 3, the following paragraph [3a] is inserted:

‘3a. [By derogation from paragraphs 1, 2 and 3, where the carbon price paid in a third country for the declared embedded emissions cannot be determined, an authorised CBAM declarant may claim in the CBAM declaration a reduction in the number of CBAM certificates to be surrendered in order to take into account the carbon price paid in the third country for the declared embedded emissions, by reference to yearly default carbon prices. The reduction may be claimed only if a yearly default carbon price can be determined for the third country.]’;

From 2027, the Commission shall determine and publish, where possible, the default carbon prices per third country, based on the best available data from reliable, publicly available information and information provided by third countries. In such a case, any rebate or other form of compensation available in that country that would have resulted in a reduction of that default carbon price shall be taken into account.]’;

(d) paragraph 4 is replaced by the following:

‘4. The Commission is empowered to adopt implementing acts concerning the conversion of the yearly average carbon price effectively paid in accordance with paragraph 1 and of the yearly default carbon price paid in accordance to paragraph 3a into a corresponding reduction of the number of CBAM certificates to be surrendered, including the conversion of the carbon price effectively paid in foreign currency into euro at the yearly average exchange rate, the evidence required of the actual payment of the carbon price, examples of any relevant rebate or other form of compensation referred to in paragraph 1 of this Article, the qualifications of the independent person referred to in paragraph 2 of this Article and the conditions to ascertain that person’s independence. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).’;

(e) after paragraph 4, the following paragraph [5] is inserted:

‘5. [The Commission is empowered to adopt delegated acts in accordance with Article 28 in order to supplement this Regulation by setting and regularly updating default carbon prices in accordance with paragraph 3a.]’;

(8) Article 10 is replaced by the following:

‘Article 10

Registration of operators and of installations in third countries

1. The Commission shall, upon request by an operator of an installation located in a third country, register the information on that operator and on its installation in the CBAM registry referred to in Article 14.

2. The request for registration referred to in paragraph 1 shall contain the following information to be included in the CBAM registry upon registration:

(a) the name, address, corporate or activity registration number, and contact information of the operator, and, if applicable, of its parent company, including supporting documents;

(b) the location of each installation including the complete address and geographical coordinates expressed in longitude and latitude, including six decimals;

(c) the main economic activity of the installation;

3. The Commission shall notify the operator of the registration in the CBAM registry. The registration shall be valid for a period of five years from the date of its notification to the operator of the installation.

4. The operator shall inform the Commission without delay of any changes in the information referred to in paragraph 2 arising after the registration, and the Commission shall update the relevant information in the CBAM registry.

5. The operator shall:

(a) determine the embedded emissions calculated in accordance with the methods set out in Annex IV, by type of goods produced at the installation referred to in paragraph 1 of this Article;

(b) ensure the embedded emissions referred to in point (a) of this paragraph are verified in accordance with the verification principles set out in Annex VI by a verifier accredited pursuant to Article 18;

(b1) determine, where applicable, the carbon price paid in a third country in accordance with Article 9, and upload accompanying documentation and evidence.

(c) keep a copy of the verification report as well as records of the information required to calculate the embedded emissions in goods in accordance with the requirements laid down in Annex V for a period of four years after the verification has been performed, and, where applicable, a copy of the documentation required to demonstrate that the declared embedded emissions were subject to a carbon price in a third country that has been effectively paid, until the end of the fourth year after the year during which the independent person has certified the information contained in that documentation in accordance with Article 9(2).

6. The records referred to in paragraph 5, point (c), of this Article shall be sufficiently detailed to enable the verification of the embedded emissions in accordance with Article 8 and Annex VI, and to enable the review, in accordance with Article 19, of the CBAM declaration made by an authorised CBAM declarant to whom the relevant information was disclosed in accordance with paragraph 7 of this Article.

7. An operator may disclose the information on the verification of embedded emissions and the carbon price paid in a third country referred to in paragraph 5 of this Article to an authorised CBAM declarant. The authorised CBAM declarant shall be entitled to use that disclosed information in order to fulfil the obligation referred to in Article 8.

8. The operator may, at any time, ask to be deregistered from the CBAM registry. The Commission shall, upon such request, and after notifying the competent authorities, deregister the operator and delete the information on that operator and on its installation from the CBAM registry, provided that such information is not necessary for the review of CBAM declarations that have been submitted. The Commission may, after having given the operator concerned the possibility to be heard and having consulted with the relevant competent authorities, also deregister the information if the Commission finds that the information on that operator is no longer accurate. The Commission shall inform the competent authorities of such deregistrations.’;

(9) after Article 10, the following Article is inserted:

‘Article 10a

[Registration of accredited verifiers]

1. Where an accreditation is granted in accordance with Article 18 of this Regulation, the accredited verifier shall request registration to the competent authority of the Member State in which the national accreditation body is established in the CBAM Registry. The request for registration shall be submitted within two months from the granting of the accreditation. The competent authority shall register the information on accredited verifiers in the CBAM registry.

2. The request for registration referred in paragraph 1 shall at least contain the following information to be included in the CBAM registry upon registration:

- (a) the name, and unique accreditation number of the verifier;
- (b) the scopes of accreditation relevant for CBAM;
- (c) the country of establishment of the verifier;
- (d) the date of accreditation and expiry date of accreditation certificates relevant for CBAM;
- (e) any information on administrative measures imposed on the verifier relevant for CBAM;
- (f) copies of accreditation certificates.

3. The competent authority shall notify the verifier of the registration in the CBAM registry.

4. Competent authorities shall ensure that the information referred to in paragraph 2 is updated as necessary in the CBAM Registry. The accredited verifier shall notify the competent authority of any changes to this information arising after the registration.

5. The verifier shall verify the embedded emissions in the CBAM registry upon request from an operator pursuant to Article 10(5)b.

6. The competent authority shall deregister a verifier from the CBAM registry where the verifier is no longer accredited pursuant Article 18 or where the information on that verifier is no longer accurate. The competent authority shall notify the Commission and the other competent authorities of the deregistration. The competent authority shall delete the information on that accredited verifier from the CBAM registry provided that such information is not necessary for the review of CBAM declarations that have been submitted.];

(10) Article 11 is amended as follows:

- (a) in the first subparagraph of paragraph 1, the following sentence is added:

‘[Each Member State shall ensure that the designated authority have all the powers necessary for the performance of their functions and duties under this Regulation.]’;

- (b) the following paragraph [3] is added:

‘3. [At the request of the Commission, competent authorities shall provide information on the implementation of this Regulation to the Commission. This information shall be used by the Commission as appropriate for the report pursuant to Article 30(6).]’;

(11) Article 14 is amended as follows:

(a) paragraph 3 is replaced by the following:

‘3. The CBAM registry shall contain, in a separate section of the registry, the information about the operators and installations in third countries registered in accordance with Article 10(2) and the information about the accredited verifiers registered in accordance with Article 10a.’;

(b) paragraph 4 is replaced by the following:

‘4. The information in the CBAM registry referred to in paragraphs 2 and 3 shall be confidential, with the exception of the names, addresses, corporate or activity registration numbers, contact information of the operators, the location of installations in third countries and the information on accredited verifiers contained in Article 10a(2). An operator may choose not to have its name, address, corporate or activity registration number, contact information and the location of its installations made accessible to the public. The public information in the CBAM registry shall be made accessible by the Commission in an interoperable format.’;

(c) paragraph 6 is replaced by the following:

‘6. The Commission shall adopt implementing acts concerning the infrastructure and specific processes and procedures of the CBAM registry, including the risk analysis referred to in Article 15, the electronic databases containing the information referred to in paragraphs 2 and 3 of this Article, the procedures and the technical credentials to perform the delegation in accordance with Article 5(7a), the data of the accounts in the CBAM registry referred to in Article 16, the transmission to the CBAM registry of the information on the sale, repurchase and cancellation of CBAM certificates referred to in Article 20, and the cross-check of information referred to in Article 25(3). Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).’;

(12) Article 17 is amended as follows:

(a) the second subparagraph of paragraph 1 is replaced by the following subparagraphs:

‘[Before granting the status of authorised CBAM declarant, the competent authority may consult relevant competent authorities or the Commission via the CBAM registry about the fulfilment of the necessary conditions and criteria for taking a favourable decision. The consultation shall take place within the period prescribed for the decision concerned and shall not exceed 15 calendar days.

The consultation procedure may also be applied for the purposes of re-assessment and monitoring of a decision.];’;

(b) the second subparagraph of paragraph 8 is replaced by the following subparagraph:

‘[Before revoking the status of authorised CBAM declarant, the competent authority shall give the authorised CBAM declarant the possibility to state their case. The competent authority may consult relevant competent authorities or the Commission via the CBAM registry on the conditions and criteria for the revocation. The consultation shall not exceed 15 calendar days.];’;

(c) in paragraph 10, point (e) is replaced by the following:

‘(e) the specific deadlines, scope and format of the consultation procedure referred to in paragraphs 1 and 8 of this Article.’;

- (13) in Article 19(3), the second subparagraph is replaced by the following:
‘[The Commission shall also facilitate the exchange of information with competent authorities about fraudulent activities, the conclusions pursuant to Article 25a and the penalties imposed in accordance with Article 26.]’;
- (14) Article 20 is amended as follows:
(a) paragraph 1 is replaced by the following:
‘1. From 1 February 2027, a Member State shall sell CBAM certificates on a common central platform to authorised CBAM declarants established in that Member State.’;
(b) paragraph 3 is replaced by the following:
‘3. The information on the sale and repurchase of CBAM certificates in the common central platform shall be transferred to the CBAM registry at the end of each working day.’;
- (15) Article 21 is amended as follows:
(a) in paragraph 1, the numbers ‘1031/2010’ are replaced by ‘2023/2830’;
(b) the following paragraph is inserted:
‘1a. [By way of derogation from paragraph 1, the Commission shall calculate the price of CBAM certificates that corresponds to the embedded emissions declared in accordance with Article 6(2) in 2027 for the year 2026 as the yearly average of the closing prices of EU ETS allowances on the auction platform, in accordance with the procedures laid down in Regulation (EU) No 2023/2830.]’;
(c) paragraph 3 is replaced by the following:
‘3. The Commission is empowered to adopt implementing acts on the application of the methodology provided for in paragraph 1 of this Article to calculate the average price of CBAM certificates, the methodology to calculate the price as referred to in paragraph 1a and the practical arrangements for the publication of that price. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).’;
- (16) Article 22 is amended as follows:
(a) in paragraph 1, ‘[May]’ is replaced by ‘[October]’;
(b) paragraph 2 is replaced by the following:
‘2. From the first quarter of the year 2027, the authorised CBAM declarant shall ensure that the number of CBAM certificates on its account in the CBAM registry at the end of each quarter corresponds to at least 50 % of the embedded emissions in all goods it has imported since the beginning of the calendar year, taking into account the adjustment for free allocation as referred to in Article 31, determined by reference to:
(a) default values in accordance with the methods set out in Annex IV without the mark-up as referred to in Section 4.1 of Annex IV; or
(b) the number of surrendered certificates in the previous year pursuant to paragraph 1, where the import of goods declared in the customs declaration refers to the same goods by CN code and countries of origin as in the CBAM declaration submitted in the previous year.’;

(c) the following paragraph is inserted:

‘2a. [Where the authorised CBAM declarant exceeds the threshold pursuant to Article 2(3a), the authorised CBAM declarant shall comply with the obligation laid out in paragraph 2 at the end of that quarter.]’;

(17) Article 23 is amended as follows:

(a) in the second subparagraph of paragraph 1, ‘[June]’ is replaced by ‘[November]’;

(b) paragraph 2 is replaced by the following:

‘2. The number of certificates purchased during a calendar year and subject to repurchase as referred to in paragraph 1 shall be limited to the total number of CBAM certificates needed to fulfil the obligations pursuant to Article 22(2) during that calendar year.’;

(c) the following paragraph is inserted:

‘2a. [By way of derogation from paragraph 2, the number of CBAM certificates that corresponds to the embedded emissions declared in accordance with Article 6(2) in 2027 for the year 2026 which have not been surrendered pursuant to Article 22 shall be subject to repurchase pursuant to paragraph 1 only in 2027.]’;

(18) Article 24 is amended as follows:

(a) in the first subparagraph, the ‘[July]’ is replaced by ‘[December]’;

(b) after the first subparagraph, the following subparagraph is inserted:

‘[By way of derogation from the first subparagraph, on 1 December 2027, the Commission shall cancel any CBAM certificates that correspond to the embedded emissions declared in accordance with Article 6(2) in 2027 for the year 2026. Those CBAM certificates shall be cancelled without any compensation.]’;

(19) Article 25 is amended as follows:

(a) paragraph 2 is replaced by the following:

‘2. The customs authorities shall periodically and automatically, in particular by means of the surveillance mechanism established pursuant to Article 56(5) of Regulation (EU) No 952/2013, communicate to the Commission specific information on the goods declared for importation. That information shall include the EORI number or the form of identification declared in accordance with Article 6(2) of Regulation 2015/2446, including the name, address and contact information, of the importer or of the authorised CBAM declarant and the CBAM account number of the authorised CBAM declarant, the eight-digit CN code of the goods, the quantity, the country of origin, the date of the customs declaration and the customs procedure.’;

(b) paragraph 3 is replaced by the following:

‘3. The Commission shall communicate the information referred to in paragraph 2 of this Article to the competent authority of the Member State where the authorised CBAM declarant or the importer is established and shall, for each CBAM declarant, cross-check that information with the data in the CBAM registry pursuant to Article 14.’;

(c) paragraph 4 is replaced by the following:

‘4. The customs authorities may communicate, in accordance with Article 12(1) of Regulation (EU) No 952/2013, confidential information acquired by the customs authorities in the course of performing their duties, or provided to the customs authorities on a confidential basis, to the Commission and the competent authority of the Member State that has granted the status of the authorised CBAM declarant or where the importer is established.’;

(d) the following paragraph [7] is added:

‘7. [The Commission shall be empowered to adopt delegated acts to complement Annex I by adding specifications concerning the customs classification of goods within a CN code, where it considers it necessary to assess, on the basis of the information communicated by the customs authorities in accordance with this Article, the correctness of the declared embedded emissions.];’

(20) the following Article is inserted:

‘Article 25a

[Monitoring and enforcement of the threshold in Article 2(3a)]

1. The competent authorities and the Commission shall monitor the imports of goods listed in Annex I of this Regulation and the corresponding threshold referred to in Article 2(3a), of this Regulation.

The Commission shall periodically and automatically exchange information with competent authorities necessary for the monitoring of importers in the CBAM registry.

2. Where the Commission considers, based on a preliminary assessment, that an importer has exceeded the threshold referred to in Article 2(3a) of this Regulation, the Commission shall communicate the information on which the preliminary assessment is based to the competent authority where the importer is established in the CBAM registry.

For the purpose of subparagraph 1, the competent authority may request documentary evidence from the importer, the customs authorities or the Commission necessary to establish the correctness of the assessment by the competent authority.

3. Where the competent authority concludes that an importer has exceeded the threshold referred to in Article 2(3a) of this Regulation, it shall inform the importer of the decision. The decision shall include the reasons for the decision, as well as information about the right to appeal, the penalties applied in accordance with Article 26(2), and a request to apply, where necessary, for authorisation in accordance with Article 5 of this Regulation. The competent authority shall also notify the customs authorities and the Commission of the decision via the CBAM registry.

The submission of an appeal shall not cause implementation of the disputed decision to be suspended.

4. For the purposes of concluding whether an importer has exceeded the threshold pursuant to paragraph 3, a competent authority shall ignore a practice or an arrangement or a series thereof which, having been put into place for the main purpose or one of the main purposes of falling below the threshold pursuant to Article 2(3a), are not genuine having regard to all relevant facts and circumstances. An arrangement or a series thereof shall be regarded as non-genuine to the extent that they are not put into place for valid commercial reasons which reflect economic

reality. All importers involved in such a practice shall be jointly liable for the penalty applied in accordance with Article 26(2).

The competent authority shall consider that the importer has been involved in a serious infringement of this Regulation for the purpose of Article 17(2).

5. The Commission shall periodically set out specific risk factors and points for attention, based on a risk analysis in relation to the threshold, taking into account information contained in the CBAM registry, data communicated by customs authorities pursuant to Article 25, and other relevant information sources, including the controls carried out pursuant to Article 15(2).]’;

(21) Article 26 is amended as follows:

(a) the following paragraph is inserted:

‘1a. [The competent authority may decrease the amount of the penalty calculated in accordance with paragraph 1, considering one or more of the following factors:

- a) the extent of unreported information;
- b) the level of cooperation and readiness of the authorised CBAM declarant to comply with requests for information;
- c) the unintentional nature of the behaviour of the authorised CBAM declarant;
- d) the past compliance of the authorised CBAM declarant.]’;

(b) paragraph 2 is replaced by the following:

‘2. Where a person other than an authorised CBAM declarant introduces goods into the customs territory of the Union without complying with the obligations under this Regulation, that person shall be held liable for the payment of a penalty. Such a penalty shall be effective, proportionate and dissuasive and shall, depending in particular on the duration, gravity, scope, intentional nature and repetition of such non-compliance and the level of cooperation of the person with the competent authority, be an amount from three to five times the penalty referred to in paragraph 1, applicable in the year of introduction of the goods, for each CBAM certificate that the person has not surrendered. The payment of the penalty shall release the person from the obligation to submit a CBAM declaration or surrender certificates.’;

(c) paragraph 3 is replaced by the following:

‘3. The payment of the penalty pursuant to paragraph 1 shall not release the authorised CBAM declarant from the obligation to surrender the outstanding number of CBAM certificates in a given year.’;

(22) in Article 27(2), point (b) is replaced by the following:

‘(b) artificially splitting imports to avoid exceeding the threshold referred to in Article 2(3a).’;

(23) Article 28 is amended as follows:

(a) paragraph 2 is replaced by the following paragraph:

‘2. The power to adopt delegated acts referred to in Articles 2(3a), 2(10), 2(11), 9(5), 18(3), 20(6), 25(7) and 27(6) shall be conferred on the Commission for a period of five years from [date of publication]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for further periods

of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.’;

(b) paragraph 3 is replaced is replaced by the following paragraph:

‘3. The delegation of power referred to in Articles 2(3a), 2(10), 2(11), 9(5), 18(3), 20(6), 25(7) and 27(6) may be revoked at any time by the European Parliament or by the Council.’;

(c) paragraph 7 is replaced by the following paragraph:

‘7. A delegated act adopted pursuant to Articles 2(3a), 2(10), 2(11), 9(5), 18(3), 20(6), 25(7) or 27(6) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.’;

(24) in Article 30(6)(b), the following point is added:

‘(v) the application of the threshold pursuant to Article 3a.’;

(25) in Annex I, the CN code “2507 00 80 – Other kaolinic clays” is replaced by ‘2507 00 80 – Other kaolinic clays [except non-calcined kaolinic clays]’;

(26) Annex II is amended as follows:

the following table is added:

‘[Electricity

CN code	Greenhouse gas
2716 00 00 – Electrical energy	Carbon dioxide

]’;

(27) Annex IV is amended as follows:

(a) point 4 is amended as follow:

(a) [the introductory paragraph is replaced by the following:

‘For the purpose of determining default values, only actual values shall be used for the determination of embedded emissions. In the absence of actual data, literature values may be used. Default values shall be determined based on the best available data. Best available data shall be based on reliable and publicly available information. Default values shall be revised periodically through the implementing acts adopted pursuant to Article 7(7) based on the most up-to-date and reliable information, including on the basis of information provided by a third country or group of third countries.’;

(b) point 4.1 is replaced by the following:

(c) ‘4.1 Default values referred to in Article 7(2)

When actual emissions cannot be adequately determined by the authorised CBAM declarant, default values shall be used. Those values shall be set at the average

emission intensity of each exporting country and for each of the goods listed in Annex I other than electricity, increased by a proportionately designed mark-up. This mark-up shall be determined in the implementing acts adopted pursuant to Article 7(7) and shall be set at an appropriate level to ensure the environmental integrity of the CBAM, building on the most up-to-date and reliable information, including on the basis of information gathered during the transitional period. When reliable data for the exporting country cannot be applied for a type of goods, the default values shall be based on the highest emission intensity of those exporting countries for which reliable data can be applied for that type of goods.’;

(b) point 7 is replaced by the following:

‘7. Adaptation of default values referred to in Article 7(2) based on region-specific features

Default values can be adapted to particular areas and regions within third countries where specific characteristics prevail in terms of objective emission factors. When data adapted to those specific local characteristics are available and more targeted default values can be determined, the latter may be used.

Where declarants for goods produced in a third country, a group of third countries or a region within a third country can demonstrate, on the basis of reliable data, that alternative region-specific adaptations of default values are lower than the default values determined by the Commission, such region-specific adaptations can be used.’;]

(28) Annex VI is amended as follows:

in point (k) of section 2, point (iii) is replaced by the following:

‘(iii) the identification of the installations where the input material (precursor) has been produced and the actual emissions from the production of that material;’;

(29) After Annex VI, the following Annex is added:

‘ANNEX VII

[Threshold pursuant to Article 2(3a)]

1. The threshold referred to in Article 2(3a) shall be set at 50 tonnes of net mass.
2. For determining the threshold, the following methodology is to be applied:

$$\bar{Q} \text{ chosen such that } \frac{\sum_{i=1}^N E_i \times 1_{(Q_i > \bar{Q})}}{\text{Total emissions}} \geq \text{target share of emissions of 99\%}$$

Where:

- $\bar{Q}$ is the mass-threshold in tonnes allowing to capture a given target share of emissions (see paragraph below);
- Annual emissions per importer; $i, E_i = \sum_{j=1}^{J_i} q_{i,j} E_j$;
- $q_{i,j}$ is the imported volume in tonnes by importer i of the CN code j ;
- J_i is the number of CN codes imported by importer i among the four sectors considered (aluminium, cement, fertilisers, iron and steel);

- E_j is the emission intensity for CN code j ¹⁵;
- *Total emissions*: the total emissions in CO₂ of the four CBAM sectors considered, that is the sum of corresponding emissions for all importers: *total emissions* = $\sum_{i=1}^N E_i$, where N is the number of importers;
- $Q_i = \sum_{j=1}^{J_i} q_{i,j}$: the total volume in tonnes of CBAM goods imported by importer i ;
- $1(Q_i > \bar{Q})$ is an indicator function equal to 1 when $Q_i > \bar{Q}$ (that is, when an importer is importing volumes higher than the mass-threshold $\bar{Q}$), 0 otherwise.

To capture uncertainty over changes in trade patterns while maintaining the overarching environmental objective of this Regulation, a margin of 0.25 percentage points is added to the level of 99% of the embedded emissions as referred to in Article 2(3a) of this Regulation (hereafter: reference level).

For simplicity, the threshold is rounded to the nearest ten.

By July of each calendar year, the Commission shall, based on data covering a reference period of 12 months preceding the month of this assessment, assess whether the value derived from the aforementioned methodology deviates by more than 5 tonnes from the threshold pursuant to paragraph 1 of this Annex. Where this is the case, and in accordance with the empowerment laid out in Article 2(3a) of this Regulation, the Commission shall update the threshold.']

¹⁵

The emission intensities E_j are based on default value for emissions published for the transitional period. For cement and fertiliser products, direct emissions and indirect emissions are considered; for aluminium and iron and steel products, only direct emissions are considered. For future updates of the threshold, the default values will be set in accordance with the methods set out in Annex IV without the mark-up as referred to in Section 4.1 of Annex IV.

Article 2

Entry into force

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT

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1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
amending Regulation (EU) 2023/956 establishing a carbon border adjustment
mechanism

1.2. Policy area(s) concerned

Climate

1.3. Objective(s)

1.3.1. General objective(s)

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

1.3.2. Specific objective(s)

Specific objective No

Reduce administrative burden

Improve 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 proposal will:

- 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

- 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 action¹⁶
- ☐ 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 requirements concerned by the proposal are imposed by Union law. Their rationalisation is therefore best done at EU level to ensure legal certainty and consistency of reporting. 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

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) The requirements concerned by the proposal are imposed by Union law. Their rationalisation is therefore best done at EU level to ensure legal certainty and consistency of reporting. 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) [...]

1.5.3. Lessons learned from similar experiences in the past

The 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

The 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 avoiding the costs (both for the Commission and the entities providing the information) 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

N/A

¹⁶ As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

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 planned¹⁷

☐ **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

¹⁷ 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>.

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Table Briefings

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

[...]

[...]

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*

[...]

[...]

Guidance

DGs are to explain why the budget implementation method(s), funding implementation mechanism(s), payment modalities, and control strategy proposed are considered to be the most appropriate solutions in this case – not only in terms of the policy/programme objectives but also in terms of balancing the internal control objectives (control effectiveness, efficiency and economy; i.e. low errors, fast contracting/paying and low control costs) – knowing that complexity of programmes can impact the error rates and (together with the volumes of transactions to be processed) the costs of controls.

Remark: this explanation is especially crucial if the programme is split into segments, with a deviating delivery set-up for some of them.

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

[...]

[...]

Guidance

This includes explaining how the root causes of high error rates in the previous programme(s) are being addressed now, e.g. by simplifying previously complex modalities that were prone to error and/or by intensifying the (ex-ante and/or ex-post) controls for inherently high-risk activities.

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)*

[...]

[...]

Guidance

The costs of controls are to be estimated at Commission level and, for shared and indirect management, also (separately) at the level of Member States or entrusted entities. Also the source of the information (related to the cost of controls at the level

of Member States or entrusted entities) and how the costs were estimated should be presented.

If for the whole or part of the programme the estimated total costs of controls (i.e. those of the Commission plus, if applicable, those of the Member States or the entrusted entities) are relatively high, then this should be explained by referring to possible cost drivers such as the specific risk profile, the (dis)economies of scale in terms of number and size of the DG's typical transactions processed, the complexity of delivery mechanisms, etc.

Remark: this explanation is especially crucial if the programme is split into segments, with a deviating delivery set-up for some of them.

In terms of expected error rate(s), at the stage of the legislative proposals the aim is to maintain the error rate below the threshold of 2%. A different materiality threshold can only be discussed on a case-by-case basis in the light of the legislative debate, in particular if the legislative authority would not (fully) endorse the proposed programme simplifications and/or would cap the controls, which would have consequences on the expected error rate. This would then require a coordinated approach.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures, e.g. from the anti-fraud strategy.

[...]

[...]

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

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

Please note that an Excel tool is available on the BUDGpedia page on the Legislative Financial and Digital Statement to help you with the calculations. You are strongly advised to use it to facilitate filling in this template.

Please insert as many budget lines as needed in the two tables below.

- 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. ¹⁸	from EFTA countries ¹⁹	from candidate countries and potential candidates ²⁰	From other third countries	other assigned revenue
	Heading 7	Diff./Non-diff.	NO	NO	NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/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
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

¹⁸ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

¹⁹ EFTA: European Free Trade Association.

²⁰ Candidate countries and, where applicable, potential candidates from the Western Balkans.

	[XX.YY.YY.YY]	Diff./Non -diff.	YES/NO	YES/NO	YES/NO	YES/NO
--	---------------	---------------------	--------	--------	--------	--------

Table Briefings

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		Number					
DG: <.....>			Year	Year	Year	Year	TOTAL MFF 2021-2027
			2024	2025	2026	2027	
Operational appropriations							
Budget line	Commitments	(1a)					0.000
	Payments	(2a)					0.000
Budget line	Commitments	(1b)					0.000
	Payments	(2b)					0.000
Appropriations of an administrative nature financed from the envelope of specific programmes ²¹							
Budget line		(3)					0.000
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0.000	0.000	0.000	0.000	0.000
	Payments	=2a+2b+3	0.000	0.000	0.000	0.000	0.000

Optional: if more than one DG is involved in the proposal, please fill in the below tables; if not, please delete them.

DG: <.....>	Year	Year	Year	Year	TOTAL MFF
-------------	------	------	------	------	-----------

²¹ 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.

			2024	2025	2026	2027	2021-2027
Operational appropriations							
Budget line	Commitments	(1a)					0.000
	Payments	(2a)					0.000
Budget line	Commitments	(1b)					0.000
	Payments	(2b)					0.000
Appropriations of an administrative nature financed from the envelope of specific programmes ²²							
Budget line		(3)					0.000
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0.000	0.000	0.000	0.000	0.000
	Payments	=2a+2b+3	0.000	0.000	0.000	0.000	0.000

Mandatory table

			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	0.000
	Payments	(5)	0.000	0.000	0.000	0.000	0.000
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 <....> of the multiannual financial framework	Commitments	=4+6	0.000	0.000	0.000	0.000	0.000
	Payments	=5+6	0.000	0.000	0.000	0.000	0.000

²² 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.

Optional: if more than one operational heading is affected by the proposal / initiative, fill in the below tables.

Heading of multiannual financial framework	Number	
--	--------	--

DG: <.....>			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
Operational appropriations							
Budget line	Commitments	(1a)					0.000
	Payments	(2a)					0.000
Budget line	Commitments	(1b)					0.000
	Payments	(2b)					0.000
Appropriations of an administrative nature financed from the envelope of specific programmes ²³							
Budget line		(3)					0.000
TOTAL appropriations for DG <.....>	Commitments	=1a+1b +3	0.000	0.000	0.000	0.000	0.000
	Payments	=2a+2b+3	0.000	0.000	0.000	0.000	0.000

DG: <.....>			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
Operational appropriations							
Budget line	Commitments	(1a)					0.000
	Payments	(2a)					0.000
Budget line	Commitments	(1b)					0.000
	Payments	(2b)					0.000

²³ 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.

Appropriations of an administrative nature financed from the envelope of specific programmes ²⁴							
Budget line		(3)					0.000
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0.000	0.000	0.000	0.000	0.000
	Payments	=2a+2b+3	0.000	0.000	0.000	0.000	0.000

			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	0.000
	Payments	(5)	0.000	0.000	0.000	0.000	0.000
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 <....> of the multiannual financial framework	Commitments	=4+6	0.000	0.000	0.000	0.000	0.000
	Payments	=5+6	0.000	0.000	0.000	0.000	0.000

			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	0.000	0.000	0.000
	Payments	(5)	0.000	0.000	0.000	0.000	0.000
• 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

²⁴ 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 Under Heading 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	0.000	0.000	0.000	0.000	0.000
	Payments	=5+6	0.000	0.000	0.000	0.000	0.000

Heading of multiannual financial framework	7	‘Administrative expenditure’ ²⁵					
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This section should be filled in using the 'budget data of an administrative nature' to be firstly inserted in the Annex to the Legislative Financial and Digital Statement (Annex 5²⁶ to the Commission Decision on the internal rules for the implementation of the Commission section of the general budget of the European Union), which is uploaded to DECIDE for interservice consultation purposes.

DG: <.....>		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021- 2027
• Human resources		0.000	0.000	0.000	0.000	0.000
• Other administrative expenditure		0.000	0.000	0.000	0.000	0.000
TOTAL DG <.....>	Appropriations	0.000	0.000	0.000	0.000	0.000

DG: <.....>		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021- 2027
• Human resources		0.000	0.000	0.000	0.000	0.000
• Other administrative expenditure		0.000	0.000	0.000	0.000	0.000
TOTAL DG <.....>	Appropriations	0.000	0.000	0.000	0.000	0.000

²⁵ The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

²⁶ If you report the use of appropriations under Heading 7, completing Annex 5 is a compulsory requirement.

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	0.000	0.000	0.000	0.000	0.000
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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	0.000	0.000	0.000	0.000	0.000
of the multiannual financial framework	Payments	0.000	0.000	0.000	0.000	0.000

Optional: if the proposal is partly or fully financed from external assigned revenues, fill in the table in Section 3.2.1.2. If not, please delete the whole section.

3.2.1.2. Appropriations from external assigned revenues

EUR million (to three decimal places)

Heading of multiannual financial framework	Number
--	--------

DG: <.....>			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
Operational appropriations							
Budget line	Commitments	(1a)					0.000
	Payments	(2a)					0.000
Budget line	Commitments	(1b)					0.000
	Payments	(2b)					0.000

Appropriations of an administrative nature financed from the envelope of specific programmes ²⁷							
Budget line		(3)					0.000
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0.000	0.000	0.000	0.000	0.000
	Payments	=2a+2b+3	0.000	0.000	0.000	0.000	0.000

Optional: if more than one DG is involved in the proposal, please fill in the below tables; if not, please delete them.

DG: <.....>			Year	Year	Year	Year	TOTAL MFF 2021-2027
			2024	2025	2026	2027	
Operational appropriations							
Budget line	Commitments	(1a)					0.000
	Payments	(2a)					0.000
Budget line	Commitments	(1b)					0.000
	Payments	(2b)					0.000
Appropriations of an administrative nature financed from the envelope of specific programmes ²⁸							
Budget line		(3)					0.000
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0.000	0.000	0.000	0.000	0.000
	Payments	=2a+2b+3	0.000	0.000	0.000	0.000	0.000

Mandatory table:

					Year	Year	Year	Year	TOTAL MFF 2021-2027
					2024	2025	2026	2027	
TOTAL	operational	appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	0.000

²⁷ 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.

²⁸ 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.

	Payments	(5)	0.000	0.000	0.000	0.000	0.000
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 <....> of the multiannual financial framework	Commitments	=4+6	0.000	0.000	0.000	0.000	0.000
	Payments	=5+6	0.000	0.000	0.000	0.000	0.000

Optional: if more than one operational heading is affected by the proposal / initiative, fill in the below tables.

Heading of multiannual financial framework	Number
--	--------

DG: <.....>			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
Operational appropriations							
Budget line	Commitments	(1a)					0.000
	Payments	(2a)					0.000
Budget line	Commitments	(1b)					0.000
	Payments	(2b)					0.000
Appropriations of an administrative nature financed from the envelope of specific programmes ²⁹							
Budget line		(3)					0.000
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0.000	0.000	0.000	0.000	0.000
	Payments	=2a+2b+3	0.000	0.000	0.000	0.000	0.000

²⁹ 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.

Optional: if more than one DG is involved in the proposal, please fill in the below tables; if not, please delete them.

DG: <.....>			Year	Year	Year	Year	TOTAL MFF 2021-2027
			2024	2025	2026	2027	
Operational appropriations							
Budget line	Commitments	(1a)					0.000
	Payments	(2a)					0.000
Budget line	Commitments	(1b)					0.000
	Payments	(2b)					0.000
Appropriations of an administrative nature financed from the envelope of specific programmes ³⁰							
Budget line		(3)					0.000
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0.000	0.000	0.000	0.000	0.000
	Payments	=2a+2b+3	0.000	0.000	0.000	0.000	0.000

Mandatory table

			Year	Year	Year	Year	TOTAL MFF 2021-2027
			2024	2025	2026	2027	
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	0.000
	Payments	(5)	0.000	0.000	0.000	0.000	0.000
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 <....>	Commitments	=4+6	0.000	0.000	0.000	0.000	0.000

³⁰ 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.

of the multiannual financial framework	Payments	=5+6	0.000	0.000	0.000	0.000	0.000
--	----------	------	-------	-------	-------	-------	-------

			Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	0.000	0.000	0.000
	Payments	(5)	0.000	0.000	0.000	0.000	0.000
• 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	0.000	0.000	0.000	0.000	0.000
	Payments	=5+6	0.000	0.000	0.000	0.000	0.000

Heading of multiannual financial framework	7	‘Administrative expenditure’ ³¹
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This section should be filled in using the 'budget data of an administrative nature' to be firstly inserted in the Annex to the Legislative Financial and Digital Statement (Annex 5³² to the Commission Decision on the internal rules for the implementation of the Commission section of the general budget of the European Union), which is uploaded to DECIDE for interservice consultation purposes.

EUR million (to three decimal places)

DG: <.....>	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021- 2027
• Human resources	0.000	0.000	0.000	0.000	0.000

³¹ The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

³² If you report the use of appropriations under Heading 7, completing Annex 5 is a compulsory requirement.

• Other administrative expenditure		0.000	0.000	0.000	0.000	0.000
TOTAL DG <.....>	Appropriations	0.000	0.000	0.000	0.000	0.000

DG: <.....>		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021- 2027
• Human resources		0.000	0.000	0.000	0.000	0.000
• Other administrative expenditure		0.000	0.000	0.000	0.000	0.000
TOTAL DG <.....>	Appropriations	0.000	0.000	0.000	0.000	0.000

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	0.000	0.000	0.000	0.000	0.000
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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	0.000	0.000	0.000	0.000	0.000
of the multiannual financial framework	Payments	0.000	0.000	0.000	0.000	0.000

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 ³³	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1 ³⁴ ...																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTALS																		

³³ Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).
³⁴ 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	0.000	0.000	0.000	0.000	0.000
Other administrative expenditure	0.000	2.400.000	1.250.000	950.000	4.600.000
Subtotal HEADING 7	0.000	0.000	0.000	0.000	0.000
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	0.000	0.000	0.000	0.000	0.000

Optional: if the proposal is partly or fully financed from external assigned revenues, fill in the tables in Sections 3.2.3.2. and 3.2.3.3. If not, please delete both sections.

3.2.3.2. Appropriations from external assigned revenues

EXTERNAL ASSIGNED REVENUES	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	0.000
Other administrative expenditure	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					
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	0.000	0.000	0.000	0.000	0.000

3.2.3.3. Total appropriations

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	0.000
Other administrative expenditure	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					
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	0.000	0.000	0.000	0.000	0.000

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)³⁵

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)		6	6	6	6
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')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
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		0	0	0	0

³⁵

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.

Optional: if the proposal is partly or fully financed from external assigned revenues, fill in the tables in Sections 3.2.4.2. and 3.2.4.3. If not, please delete both sections.

3.2.4.2. Financed from external assigned revenues

EXTERNAL ASSIGNED REVENUES		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)		0	0	0	0
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 (in full time equivalent units)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
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		0	0	0	0

3.2.4.3. Total requirements of human resources

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES		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)		6	6	6	6
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 (in full time equivalent units)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
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		0	0	0	0

=====

Based on the detailed description in Annex V to the LFDS³⁶, the above tables should be accompanied by either of the below clarifications, depending on the option.

Internal redeployments within the implementing DGs appear insufficient. Hence, the proposal requires additional human resources. The latter will be paid as appropriate³⁷ from an administrative support line of the programme/initiative or by a fee as external assigned revenue.

In this case, please specify the type of staff by filling in the below table.

Please specify how many of the staff requested for the initiative are already in place in the DG/service (current staff) and how many additional staff are requested (in the column corresponding to the type of budget from which they are to be financed).

Please fill in the table to illustrate this for staff at ‘cruising speed’ level.

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		6	N/A	
External staff (CA, SNEs, INT)				

*Please explain briefly below why the tasks included in the proposal at stake cannot be covered fully by existing HR resources and internal redeployments within the DG already implementing the action or within the Commission services.

Description of tasks to be carried out by:

Officials and temporary staff	
External staff	

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

³⁶ For the purpose of estimating workload and staff needs, you may use the guidance on workload assessment prepared by DG HR.

³⁷ Please note that such exception needs to be agreed with central services before the launch of the ISC.

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)

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts. Please provide an excel table in the case of major reprogramming.

- ☐ 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

Explain what is required, specifying the headings and budget lines concerned, the corresponding amounts, and the instruments proposed to be used.

- ☐ requires a revision of the MFF

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

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 ³⁸			
		Year 2024	Year 2025	Year 2026	Year 2027
Article					

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

[...]

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

Estimates on share of revenue affected was based on internal Commission calculations using Customs import data and default values. These were applied on revenue estimates from the Commission's 2021 impact assessment.

4. DIGITAL DIMENSIONS

Guidance and online tooling will be made available through GoPro in order to help you complete the below sections. You are strongly advised to use it to ensure compliance with Regulation (EU) 2024/903 of the European Parliament and of the Council of 13 March 2024 laying down measures for a high level of public sector interoperability across the Union (Interoperable Europe Act) (OJ L, 2024/903, 22.3.2024, ELI: <http://data.europa.eu/eli/reg/2024/903/oj>).

When completing this Section, it is acceptable to present the information in a table format, where appropriate.

4.1. Requirements of digital relevance

If the policy initiative is assessed as having no requirement of digital relevance, please provide an explanation as to why digital means cannot be utilised to enhance policy implementation by making it simpler, quicker, more transparent, and/or more cost-effective. Please also explain why the 'digital by default' principle, which prioritises digital delivery of public services, is not applicable.

Otherwise, please enumerate the requirements of digital relevance as follows:

³⁸ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.

[Requirement 1 (R1): ...]

[Requirement 2 (R2): ...]

[...] ³⁹

Guidance

A requirement of digital relevance is an obligation or criterion of a legal, organisational, semantic or technical nature, set in a paragraph or an article of a legal text that concerns:

- collection, processing, generation, exchange or sharing of data;
- the automation or digitalisation of stakeholders' processes;
- the use of new or existing digital solutions; and/or
- digital public services, that is, digital services provided by Union entities or public sector bodies to one another or to natural or legal persons in the Union.

For each requirement of digital relevance listed, please include:

- the reference to the legal provision containing this requirement (for example, 'Article 7(2)');
- a high-level description of the requirement;
- the stakeholder categories affected by this requirement (EU institutions, bodies and agencies, Member States, businesses, the general public, or others); and
- the high-level processes affected by this requirement (such as notification, management of registries, procurement, etc.).

4.2. Data

[...]

Guidance:

For each requirement of digital relevance identified in Section 4.1 that mandates the collection, processing, generation, exchange or sharing of data, please:

- provide a high-level description of the data in scope and any related standards/specifications;
- explain how the requirement is aligned with the European Data Strategy and its various aspects;
- confirm that the once-only principle has been followed, and that the possibility to reuse existing data has been explored;
- specifically for data flows, identify the stakeholders that are to provide and receive the data, respectively, and indicate what triggers the data exchange (for example, a reporting obligation) and with what frequency.

4.3. Digital solutions

[...]

Guidance

A digital solution is a digital service, platform, system, application, tool or infrastructure, designed to automate, manage, or improve specific processes, services, or operations

³⁹ Please insert as many requirement lines as needed and identify each requirement distinctly (like R1, R2, etc.) to ease cross-referencing in the following sections.

through the use of digital technologies.

For each requirement of digital relevance identified in Section 4.1 that mandates a digital solution, please provide a description of the digital solution's mandated functionality, the body that will be responsible for this digital solution, and other relevant aspects such as reusability and accessibility.

Explain whether the digital solution intends to make use of AI technologies and how the digital solution complies with the requirements and obligations of the AI Act (AI risk assessment). Likewise, explain how the digital solution complies with the requirements and obligations of the EU cybersecurity framework, and other applicable digital policies and legislative enactments (such as eIDAS, Single Digital Gateway, etc.).

4.4. Interoperability assessment

[...]

Guidance

For each requirement of digital relevance identified in Section 4.1. that concerns digital public services, please assess and document:

(a) whether it requires interaction across Member State borders, among EU entities or between EU entities and public sector bodies, by means of their network and information systems; and

(b) whether it has an effect on 'cross-border interoperability', understood as the ability of EU entities and public sector bodies to interact with each other across borders by sharing data, information and knowledge through digital processes in line with the legal, organisational, semantic and technical requirements related to such cross-border interaction.

If both of the aforementioned conditions apply, please:

- describe the digital public services affected by the requirement;
- assess the impact of the requirement on cross-border interoperability;
- list the Interoperable Europe solutions identified for (re)use;⁴⁰
- list other relevant interoperability solutions; and
- describe the detected remaining barriers to cross-border interoperability.

Please refer to the guidelines on interoperability assessment for further support. Be aware that the minimum content of the interoperability assessment report is set out in Annex I of Regulation (EU) 2024/903 (Interoperable Europe Act).

4.5. Measures to support digital implementation

[...]

Guidance

To facilitate the smooth implementation of the requirements of digital relevance identified in Section 4.1., it is important to plan specific implementation measures well ahead. These

⁴⁰ As per Regulation (EU) 2024/903 (Interoperable Europe Act), Interoperable Europe Solutions are interoperability solutions recommended by the Interoperable Europe Board and consequently published on the Interoperable Europe portal.

measures may include adopting implementing/delegated acts or guidelines, or designing policy implementation pilots, ICT procurement procedures, sandboxing, capacity building, stakeholder engagement, feedback mechanisms, technology support, awareness-raising campaigns, etc.

Even if the requirements may change during the inter-institutional negotiations, sharing the proposed digital implementation measures timely and transparently builds trust and partnership.

For this reason, please list here the planned digital implementation measures. For each measure:

- briefly describe the measure and indicate the requirement(s) of digital relevance identified in Section 4.1., that it will support;
- specify the Commission's role in implementing the measure and list the stakeholders to be involved; and
- indicate the expected timeline of the measure.

NB: In case the initial Commission proposal evolves considerably during the legislative negotiations, it should be considered to update information laid down in the LFDS for any financial and/or digital aspects, as necessary, with the aim to support the negotiation process and create clarity for all parties concerned.