

Notice Made Under Primary Legislation

[Finance (No.2) Bill 2025-26 – Part 5 -Carbon Border Adjustment Mechanism]

Where terms are used in this notice which are defined in Part 5 of the Finance (No.2) Bill 2025-26 they have the same meaning.

Schedule 16, Part 2 – Registration

The following text has the force of law by virtue of [paragraph 2(9) of Schedule 16 to the Finance (No.2) Bill 2025-26]

If a person is required to register for Carbon Border Adjustment Mechanism (CBAM), they must do so electronically using the CBAM service, accessed through their Government Gateway account. This includes providing the information needed and making a declaration as part of that registration process.

If a registrable person does not have access to the internet or is unable to use it on religious grounds, they must inform HMRC in writing or by telephone and HMRC may permit them to register via a non-digital method.

The following text has the force of law by virtue of [paragraph 3(6) of Schedule 16 to the Finance (No.2) Bill 2025-26]

If a registered person wants to request that they be deregistered from CBAM they must do so electronically using the CBAM service, accessed through their Government Gateway account.

If the registered person does not have access to the internet or is unable to use it on religious grounds, they must inform HMRC in writing or by telephone and HMRC may permit them to deregister via a non-digital method.

The following text has the force of law by virtue of [paragraph 4(3) of Schedule 16 to the Finance (No.2) Bill 2025-26]

Where a registered person must notify HMRC that either the information they provided as part of their duty to register has changed, or they discover that the information provided was incorrect, the notification must be made electronically through the CBAM service, accessed through the registered person's Government Gateway account.

If the registered person does not have access to the internet or is unable to use it on religious grounds, they must inform HMRC in writing or by telephone and HMRC may permit them to notify the errors or changes via a non-digital method.

Schedule 16, Part 3 – Payment, accounting periods and returns

The following text has the force of law by virtue of [paragraph 6(4) of Schedule 16 to Finance (No.2) Bill 2025-26]

Where a person makes a payment in respect of CBAM, they must pay either by Direct Debit, online or telephone banking or by card.

The following text has the force of law by virtue of [paragraph 7(4) of Schedule 16 to Finance (No.2) Bill 2025-26]

A person required to submit a return in respect of CBAM must submit that return through the CBAM service, accessed through their Government Gateway account.

If the registered or registerable person does not have access to the internet or is unable to use it on religious grounds, they must inform HMRC in writing or by telephone and HMRC may permit them to submit their returns via a non-digital method.

The following text has the force of law by virtue of [paragraph 8(3) of Schedule 16 to The Finance Act 2026]

An error made in a return must be corrected via the CBAM service, accessed through the registered persons Government Gateway account. Amendments using this service must be made within 3 years of the end of the accounting period to which the return relates.

If the registered or registerable person does not have access to the internet or is unable to use it on religious grounds, they must inform HMRC in writing or by telephone and HMRC may permit them to correct an error on their returns via a non-digital method.

Schedule 16, Part 8 – Death and incapacity

The following text has the force of law by virtue of [paragraph 17(4) of Schedule 16 to the Finance (No.2) Bill 2025-26]

The person who is carrying on the business (P) to which the registered person's registration relates must notify HMRC, electronically using the CBAM service, accessed through their Government Gateway account, that they are carrying on the business and provide:

- Information that identifies the registered person (this must include their name, address, EORI number, VAT number (where they have one), and CBAM reference number).
- P's information (this must include their name, address, EORI number, VAT number (where they have one), and CBAM reference number).
- The date P started carrying on the business.

- Where the registered person has died, a copy of their death certificate or other evidence of date of death.
- Where the registered person is incapacitated, details of how they became incapacitated and the date from which their incapacitation began.

If P does not have access to the internet or is unable to use it on religious grounds, they must inform HMRC in writing or by telephone and HMRC may permit them to notify about carrying on the business via a non-digital method.

Schedule 16, Part 10 – Repayments

The following text has the force of law by virtue of [paragraph 25(3) of Schedule 16 to Finance (No.2) Bill 2025-26]

A claim for repayment must be made using the CBAM service, accessed through their Government Gateway account, and is to include:

- The reason for the claim
- The date the error was found
- The accounting period to which the claim relates
- Details of the CBAM goods concerned which would usually be required on the CBAM return. Where applicable, this includes;
 - Commodity code
 - Weight
 - Emissions data
 - Country of origin
 - Carbon price relief
 - Exemptions
- The date the CBAM liability was originally paid
- The amount overpaid
- Any related documents

If the person does not have access to the internet or is unable to use it on religious grounds, they must inform HMRC in writing or by telephone and HMRC may permit them to claim for repayment via a non-digital method.

Notice Made Under Regulations

The Carbon Border Adjustment Mechanism (Administrative Provisions) Regulations
2026

The following text has the force of law by virtue of [regulation 10(c) of The Carbon Border Adjustment Mechanism (Administrative Provisions) Regulations 2026]

Reimbursement will be made by bank transfer.

The Carbon Border Adjustment Mechanism (Calculation of CBAM Rate and Determination of Carbon Price Relief) Regulations 2026

Emissions factors

The following text has the force of law by virtue of regulation [6(2)(b) of The Carbon Border Adjustment Mechanism (Calculation of CBAM Rate and Determination of Carbon Price Relief) Regulations 2026].

In instances where a cost is imposed indirectly on relevant emissions from manufacturing or processing a CBAM good, to qualify for carbon price relief, the emissions factor used by the carbon pricing scheme must be taken directly from or calculated using the methodology of any of the following sources:

- The Intergovernmental Panel on Climate Change
- The International Energy Agency
- The United Nations Framework Convention on Climate Change

Verification: accreditation

The following text has the force of law by virtue of [regulation 8(a) of The Carbon Border Adjustment Mechanism (Calculation of CBAM Rate and Determination of Carbon Price Relief) Regulations 2026].

Data specified in regulation 7 must be verified by a verification body that has been accredited to the following standards:

- **ISO17029:** General principles and requirements for validation and verification bodies
- **ISO 14064-3:** Greenhouse gases – part 3, specification with guidance for the validation and verification of greenhouse gas assertions
- **ISO 14065:** General principles and requirements for bodies validating and verifying elements
- **ISO 14066:** Environmental information – competence requirements for teams validating and verifying environmental information

Verification: carbon pricing verification form

The following text has the force of law by virtue of [regulation 7(3) and 9(2) of The Carbon Border Adjustment Mechanism (Calculation of CBAM Rate and Determination of Carbon Price Relief) Regulations 2026]

The carbon pricing verification form required to be obtained by importers who intend to claim carbon price relief will be published electronically by HMRC on [link].

The verification document must be completed fully and accurately to be valid. This requires the completion of the following data fields, completion of which is mandatory:

- Data required as set out in [clause 7(1) of The Carbon Border Adjustment Mechanism (Calculation of CBAM Rate and Determination of Carbon Price Relief) Regulations 2026] – this data must be from a calendar year that is one of the two years prior to the year importation takes place
- Details of the installation that manufactured the good
- Details of the verifier completing the form who meets the relevant accreditation standards set out by the Commissioners
- A confirmation statement by the verifier

Calculation of the effective carbon price

The following text has the force of law by virtue of [regulation 7(3) and 12(2) of The Carbon Border Adjustment Mechanism (Calculation of CBAM Rate and Determination of Carbon Price Relief) Regulations 2026]

For the purposes of Steps 1

- The amount may be taken from a calendar year that is one of the two years prior to the year importation takes place.

For the purposes of Step 2

- The total amount of emissions must be the same figure produced by Step 1 and be expressed in tonnes of carbon dioxide equivalent

For the purposes of Step 3

- Where the headline carbon price from a qualifying carbon pricing scheme is applicable for emissions you must take the price from the calendar quarter prior to the date of the tax point.
- If the headline carbon price was variable rather than fixed, then the mean average from that quarter must be used.
- If emissions are priced indirectly in metrics other than tCO₂e, in a qualifying carbon pricing scheme, the correct emissions factor from that scheme as per the notice made under regulation 6(2)(b) of the Carbon Border Adjustment

Mechanism (Calculation of CBAM Rate and Determination of Carbon Price Relief) Regulations 2026, must be used to get a per tCO₂e value.

- Where greenhouse gas removals are applicable as a relevant element of a carbon pricing scheme per regulation 11(c) of the Carbon Border Adjustment Mechanism (Calculation of CBAM Rate and Determination of Carbon Price Relief) Regulations 2026, the publicly available price of that greenhouse gas removal provider must be used on the same terms as the headline carbon price outlined above.
- Any emissions subject to a price covered by free allowances or before a threshold should be multiplied by zero.

Exchange rate

The following text has the force of law by virtue of [regulation 14 of The Carbon Border Adjustment Mechanism (Calculation of CBAM Rate and Determination of Carbon Price Relief) Regulations 2026].

Where the amount of carbon price relief is not expressed in sterling, due to emissions being priced in a different currency, the exchange rate that must be used for the purposes of conversion to sterling, in accordance with [regulation 14 of The Carbon Border Adjustment Mechanism (Calculation of CBAM Rate and Determination of Carbon Price Relief) Regulations 2026] is the relevant rate published by HMRC. The relevant rate will be that which applied for the calendar quarter prior to the date of the tax point of the CBAM good for which carbon price relief is being claimed. A quarter means a period of 3 months ending at the end of March, June, September or December.

The exchange rates will be published electronically on [link] and be made available at the beginning of the quarter for which they will apply.

In all cases, the exchange rate used must be that which has been published electronically in the above link and it must be applied to the correct amount of carbon price relief. In instances where a good has been subject to multiple carbon prices in different jurisdictions, including on precursor emissions, the correct exchange rate for each currency must be used.

In all cases, following conversion, you must round down to two decimal places.