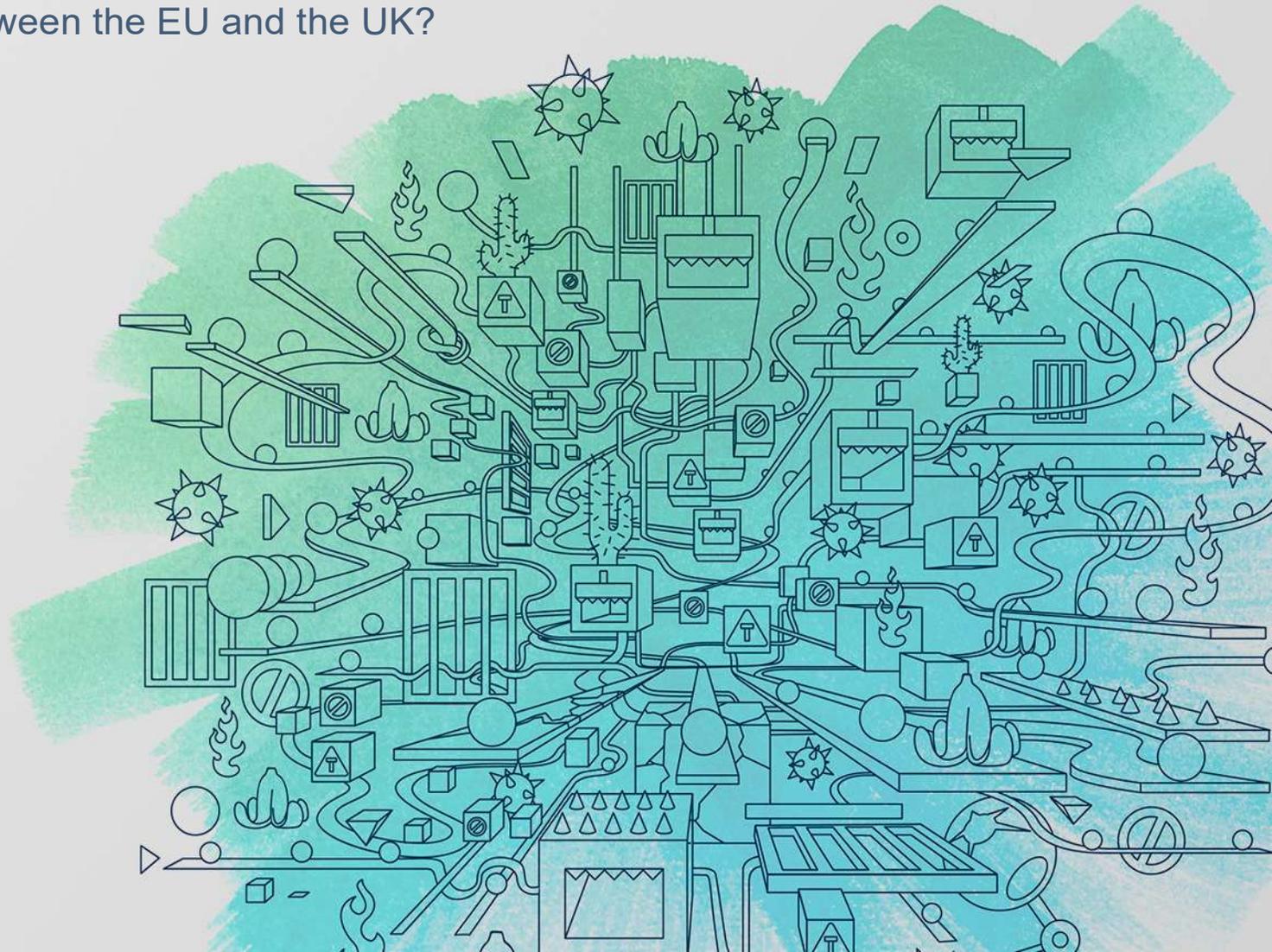


# CBAM INSIGHT TABLE

What are the key differences between the EU and the UK?

16 March 2026

 **ADDLESHAW  
GODDARD**



## WHAT ARE THE KEY DIFFERENCES BETWEEN THE EU AND THE UK?

The EU CBAM scheme is already in place with the UK scheme set to become applicable from 1 January 2027. While both schemes have broadly the same objective, there are some key differences in the way that the two schemes work.

	EU	UK
<b>Type of mechanism</b>	Market based mechanism – businesses will need to calculate embedded emissions and purchase and surrender CBAM certificates to cover these.	Tax – calculated by multiplying the CBAM tax rate by calculated emissions data
<b>Legislation</b>	<p>The primary legislation is <a href="#">Regulation (EU) 2023/956</a> (which was amended by <a href="#">Regulation (EU) 2025/2083</a> as part of the Commission's Omnibus I package)</p> <p>There are a number of secondary Implementing and Delegated Regulations which set out the administrative details of the scheme.</p>	<p>The primary legislation has been introduced via the <a href="#">Finance (No.2) Bill 2025 to 26</a> and is currently still subject to Parliamentary scrutiny (as at 16 March 2026)</p> <p>The detailed requirements relevant to the administration of the tax will be set in secondary legislation. The Government is currently consulting on three sets of <a href="#">Draft Regulations</a> with a further consultation on additional implementing legislation expected later in Spring 2026.</p>
<b>Date of application</b>	1 January 2026 (In force)	1 January 2027 (Expected)
<b>Geographic scope</b>	<p>Imports into the EU</p> <p>EU CBAM does not apply to goods originating in the EEA or Switzerland, as well as certain overseas territories</p>	<p>Imports into the UK including Northern Ireland</p> <p>Goods which enter the UK from the Crown Dependencies including the Isle of Man, Overseas Territories and UK Continental Shelf will be subject to UK CBAM</p>
<b>Transitional phase</b>	A transitional phase applied from 2023 to 2025 during which obligated companies were subject to reporting obligations only	No transitional phase expected
<b>Scope</b>	<p>Certain aluminium, cement, fertiliser, hydrogen, iron and steel products as well as electricity</p> <p>(Products are identified by reference to specific commodities codes)</p>	<p>Certain aluminium, cement, fertiliser, hydrogen, iron and steel products</p> <p>(Products are identified by reference to specific commodities codes)</p>

	EU	UK
<b>Covered emissions</b>	<p>Direct emissions (all)</p> <p>Indirect emissions (currently cement and fertilisers only)</p> <p>(Direct and indirect emissions were required for all products (except electricity) during the transitional period)</p>	<p>Direct emissions only</p> <p>(The inclusion of indirect emissions has been delayed until 2029 at the earliest)</p>
<b>Obligated person</b>	The importer (i.e. the person in whose name the customs declaration is made)	The importer (i.e. the person in whose name the customs declaration is made)
<b>Thresholds triggering application</b>	<p>50 tonnes of CBAM products per year</p> <p>(This threshold was introduced through the Commission's Omnibus I package in 2025. Previously, all shipments over EUR 150 were in scope)</p>	<p>£50,000 worth of CBAM products with two tests to consider in respect of imports of CBAM products:</p> <p>A backward looking test considering whether imports of CBAM products have exceeded £50,000 in respect of rolling 12 month periods. (For imports in 2027 it is only necessary to look back to 1 January 2027)</p> <p>A forward looking test considering whether future imports of CBAM products over the next 30 days will exceed £50,000</p>
<b>Frequency of reporting and payment</b>	<p>CBAM declaration and surrender of certificates required on an annual basis (first deadline is 30 September 2027 in respect of 2026)</p> <p>From the start of 2027, there is an ongoing requirement to hold CBAM certificates covering 50% of the imported embedded emissions for the calendar year to date at the end of each quarter</p>	<p>The first accounting period will be 1 January 2027 – 31 December (with payment due by end of May 2028)</p> <p>Thereafter, quarterly tax returns and payments (generally due within 2 months)</p>
<b>Price</b>	CBAM certificates on sale 1 February 2027 with price linked to that of EU ETS allowances	CBAM rate to reflect UK ETS allowance price and current free allocation per sector
<b>Relationship to ETS free allocation phase out</b>	The number of CBAM certificates required will increase over time to match the gradual phase out by 2034 of the free allocation of EU ETS allowances to EU based operators	The CBAM rate for each sector will increase over time to reflect the gradual phase out of free ETS allowances, with an indicative phase out trajectory of 2036 for sectors covered by CBAM
<b>Authority</b>	Each Member State has designated its own National Competent Authority (NCA)	HM Revenue & Customs (HMRC)



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