

TradeWatch



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How tax departments should prepare for CBAM

Tax functions need to plan for the challenges CBAM will create and identify the potential opportunities it offers.

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Insights

The role of customs and trade functions in the ESG era

In a previous edition of *TradeWatch*, we discussed the need for businesses to future-proof their customs and trade functions,¹ with one of the key drivers being the need to react and adapt to new regulations.

For the customs and trade functions, emerging legislation in the sustainability space and changing expectations of corporate social responsibility raise vital questions about where its role sits within the corporate response to these priorities – and whether there is potential for the trade function to play a bigger part in shaping the sustainable future of the business.

While the short answer is that the trade function has an important role to play in this evolving business priority, the long answer, as always, is somewhat more complicated. In this article, we explore a few common issues we have seen businesses facing in dealing with this challenge and share examples of effective responses by trade functions to these considerations.

Background

Increasingly, we are seeing businesses transforming to become more sustainable, not just because it is the right thing to do and stakeholders now expect it, but also because a groundswell of regulation is pushing them in that direction.

These new regulations include at-border regulations, such as the EU's Carbon Border Adjustment Mechanism (EU CBAM)² and broader Plastic Packaging Taxes (PPTs)³; supply chain due diligence requirements, such as the EU's Anti-Deforestation Regulation (EUDR)⁴ and Corporate Sustainability Due Diligence Directive (CSDDD)⁵; disclosure obligations, such as the EU's Corporate Sustainability Reporting Directive (CSRD)⁶; and activity impacting regulatory policy, such as the EU's waste export ban.⁷

These regulations can be overwhelming for the business to handle – and the materiality of their impacts can vary significantly. Overall, there are a few common themes.

New reporting activities: These can take various forms, whether in the form of public disclosures (e.g., under CSRD) or reporting obligations to the authorities (e.g., EU CBAM). Businesses need to report more information about their operational footprint than ever before.

Additional supply chain visibility priorities: Many new regulations and standards require an unprecedented level of oversight on the business' operational footprint, such as the EUDR requiring geolocation of the production site for forestry products.



1 "Future-proofing' the customs and trade function," *TradeWatch* Issue 2 2023, page 5. [Find it here.](#)

2 "Carbon Border Adjustment Mechanism," *European Commission website*, last updated 1 October 2023. [Find it here.](#)

3 "Plastic Packaging Tax: steps to take," *UK government website*, last updated 31 March 2023. [Find it here.](#)

4 "Deforestation-free products," *European Commission website.* [Find it here.](#)

5 "Corporate sustainability due diligence," *European Commission website.* [Find it here.](#)

6 "Corporate sustainability reporting," *European Commission website.* [Find it here.](#)

7 "Plastic waste shipments," *European Commission website.* [Find it here.](#)

Changes to operating model and footprint: It is increasingly conceivable that business will make decisions to change their financial models and operational footprints in response to these demands – and some of them already have. This could be driven by cost pressure (e.g., from the imposition of the EU CBAM); regulatory pressure (e.g., activity bans); or by new demands from customers, employees and investors. These pressures may lead businesses to adopt new trade routes, new manufacturing locations and new commercial activities.

Who is responsible for sustainability?

Customs and trade functions can easily see the important role they have to play related to sustainability considering this evolving environment. However, in many cases, responsibilities for dealing with sustainability matters are not formalized, and this lack of clarity can be particularly crucial when new regulations strike.

Trade functions are not typically positioned to answer the question, “How do we run sustainability as a business?” However, this question is crucial in maximizing the value the function can add to the business and to ensuring business continuity. Based on our experience of working with companies globally, we have identified four key questions for trade functions to ask to better define their role in the sustainability space.

Four key trade function sustainability questions for businesses

1. How should the business be monitoring new barriers to trade and other regulations?

Sustainability regulations are evolving at an accelerating rate, presenting a real challenge for businesses with international trading footprints to keep up.

In June 2023, the environmental group edie reported⁸ that environmental, social and governance (ESG) regulations globally have increased by 155% in the past decade, with 1,255 ESG regulations introduced worldwide since 2011. Trade functions are now monitoring the soon-to-take-effect EUDR and requirements such as those presented by the EU Batteries Directive, which, later this decade, will establish firm obligations for businesses placing goods on the EU market.⁹

Meanwhile in the green tax space, the [EY Green Tax Tracker](#) identifies over 3,000 environmental taxes now in application across the 61 jurisdictions represented in the tracker.

Businesses are asking themselves how best to keep abreast of these regimes as they are asymmetrically implemented across jurisdictions, and in corporations with international footprints, that task can be a significant one.

Identifying and responding to these regimes is not necessarily the core responsibility of the trade function. However, given a trade function's top priority is usually to ensure the smooth movement of goods across borders, it is only natural for it to share a concern with the wider business for tracking these new policies, as noncompliance can impact not just market access but also the cost base and reputation of the business.

Key considerations for effectively monitoring relevant developments include:

- ▶ The policy elements and geographies to be monitored
- ▶ The stakeholders undertaking the monitoring activity
- ▶ The technology or other tools needed to deliver monitoring of new policy developments

2. Who should be responsible for compliance activities for green taxes and new due diligence requirements?

In many cases, the data and operational requirements presented by new ESG regulations require cross-functional collaboration. This has knock-on impact for clarity about internal roles and responsibilities.

Given the trade function's own compliance obligations, it is natural for it to have certain data at its fingertips that also happens to be required for compliance with these ESG regimes. For example, being an Authorized Economic Operator (AEO) requires the business to audit and monitor its own import and export footprint.

⁸ “ESG regulations have increased 155% in the last decade,” edie, 20 June 2023. [Find it here.](#)

⁹ “EU: Commission and Council take steps as part of the Circular Economy Action Plan with new rules on textiles and batteries,” [page 55](#) in this edition.

It is, therefore, almost inevitable for the trade function to be involved in some capacity in responding to these new ESG regulations. However, data fields used by the trade function are rarely the complete picture, making it impossible for it to be solely responsible for these reports.

The EU CBAM regime, which entered force on 1 October 2023, presents a strong example. Trade compliance data is a core tenet of the corporate response to the EU CBAM, as reporting obligations now apply to EU imports of certain products, defined by customs classification. However, responses to the regime also require an interface with suppliers to access “embedded emissions” data on the carbon content of imported products. Consequently, sustainability, supply chain and trade functions all need to be involved in the response.¹⁰

In practice, as we have seen in many cases, it can be challenging for various functions to come together and agree on a set of responsibilities, with the risk that important actions may “slip between the cracks” between functions.

This functional challenge extends beyond fiscal measures, with new regimes, such as the CSDDD, requiring new levels of transparency over the supply chain. Trade functions are not typically managing this regime, but, again, trade data can be critical to CSDDD reporting.

While many ESG regimes will continue to be owned elsewhere in the business, trade functions need to understand what compliance activities they have responsibility for. And, where they do not have responsibility, they need to identify what support they may be asked to provide to the responsible parties and through what processes.

3. Is there an interface between existing trade function trade priorities and new data needs?

Alongside the ESG regulations mentioned in this article that use international trade data for compliance purposes and thus require trade function cooperation, we are also seeing examples of broader trade function priorities intersecting with new imperatives presented by sustainability regulations.

¹⁰ See our “EU: CBAM in force” article on [page 51](#) of this issue.



As an example, some of the new regulations under discussion demand transparency from businesses over the product makeup and manufacturing footprint of imported products (e.g., the UK’s PPT and the EU CBAM). These demands align with the data collection requirements and priorities for proof of both preferential and non-preferential origin. These existing customs priorities already put obligations on the business to break down the Bill of Materials to review product makeup and to begin to understand the identity of specific installations for manufacturing and other upstream activities.

Meanwhile, some of the wider activities undertaken to respond to ESG regulations are enhancing the business case for some customs and trade function initiatives, such as:

- ▶ **Customs classification:** While customs classification is already a priority for many trade functions, regimes such as the EU CBAM apply to goods based on their customs classification. Consequently, the importance of customs classification is heightened, as it defines exposure to the regime. We are seeing this interplay beginning to inspire businesses to test the robustness of their product classifications.

- ▶ **Broker rationalization:** Increasingly, customs and trade functions look to access international trade data to assist with sustainability priorities, and in many cases this data can be accessed from customs brokers. However, where a company operates with a distributed brokerage environment, this can require a high volume of data requests and a suboptimal data environment. Rationalizing the number of customs brokers the business uses can mitigate this challenge.

Consequently, for proactive customs and trade functions, understanding the demands placed upon the business by evolving ESG regulations can present great opportunity and accelerators, enabling a trade function leader to articulate at a higher and more impactful level within the corporate structure the added value that may be made possible by improvements and investment in the trade function.

4. How do international trade priorities interface with corporate sustainability transformation priorities?

In many cases (and certainly in best-in-class trade functions), international trade data is already used for business-level visibility over the corporate footprint and to help with matters such as assessing the landed cost of certain product lines, as trade functions have strong technical and operational knowledge of a business's movements of goods.

Businesses may look to reorganize their product lines, manufacturing footprints and supply chain profiles to respond to sustainability priorities (e.g., changing providers to move from using from traditional steel to green steel). They need to understand the implications of different footprint options for their wider operations and their cost profile and opportunities. International trade considerations should be critical to this analysis.

For example, consider a company that buys steel for its manufacturing activities in the EU. Based on the emissions profile of the steel used currently and the carbon price already paid, the company decides it wants to start buying steel from South Korea rather than from its current supplier in Brazil. What might that decision mean for its wider trade footprint? Some questions that the business should be asking in this case include:

- ▶ What evidence do we need to reduce the duty liability for the new steel imports made via the EU-South Korea free trade agreement (FTA)?
- ▶ What does this new purchase flow mean for the regional value content in our EU-manufactured goods for export?
- ▶ If trade compliance is looking after the EU CBAM response, what documentation do we need to capitalize on the Korean emissions trading scheme carbon price already paid to avoid double paying the carbon price under CBAM?

The trade function can add real value in this scenario, both through providing the necessary data and sharing its expertise for strategic decisions on supply flows, procurement and the organization's wider footprint – not just by keeping goods moving but by helping to shape and optimize a more sustainable business footprint.

Understanding the success factors for sustainable trade functions

Based on these four questions, what attributes may a business want to focus on to ensure that the trade function is set up for success in this space?

Clarity over roles and responsibility

We often see businesses falling down on compliance with new ESG regimes (e.g., PPTs) when no responsibility is allocated and certain activities slip between the cracks among different functions.

Some high-performing businesses are developing detailed RACI (responsible, accountable, consulted and informed) matrices and process flows for new sustainability regulations and taxes to ensure their response is clearly planned.

Even if the business does not have a detailed process in place, at a minimum, a responsible and empowered stakeholder or champion should be identified for monitoring new sustainability regulations and for compliance with each of them. Such a champion (or champions) could sit in sustainability, tax, supply chain, the trade function or elsewhere in the business.

An upskilled and engaged team

At the heart of success for everything is people. In addition to the challenge around clearly defined responsibilities and obligations, we see many clients facing a lack of readily available talent in the market. This is especially true with sustainability skills, which are increasingly in demand as businesses respond to the groundswell of new regulations facing them.

In light of this, we are seeing many customs and trade specialists branching out into some aspects of sustainability. This seems a natural progression as, for decades, the customs and trade functions have been playing a role in policy interpretation and business partnership.

Consequently, rather than hiring new people, the talent solution may very well be providing learning and training on the job for existing personnel. If this approach is supported by the wider business, putting the right upskilling approach in place is key, and we are beginning to see enterprise-wide sustainability learning programs implemented in many organizations. This approach can include the trade function but often extends far beyond it.

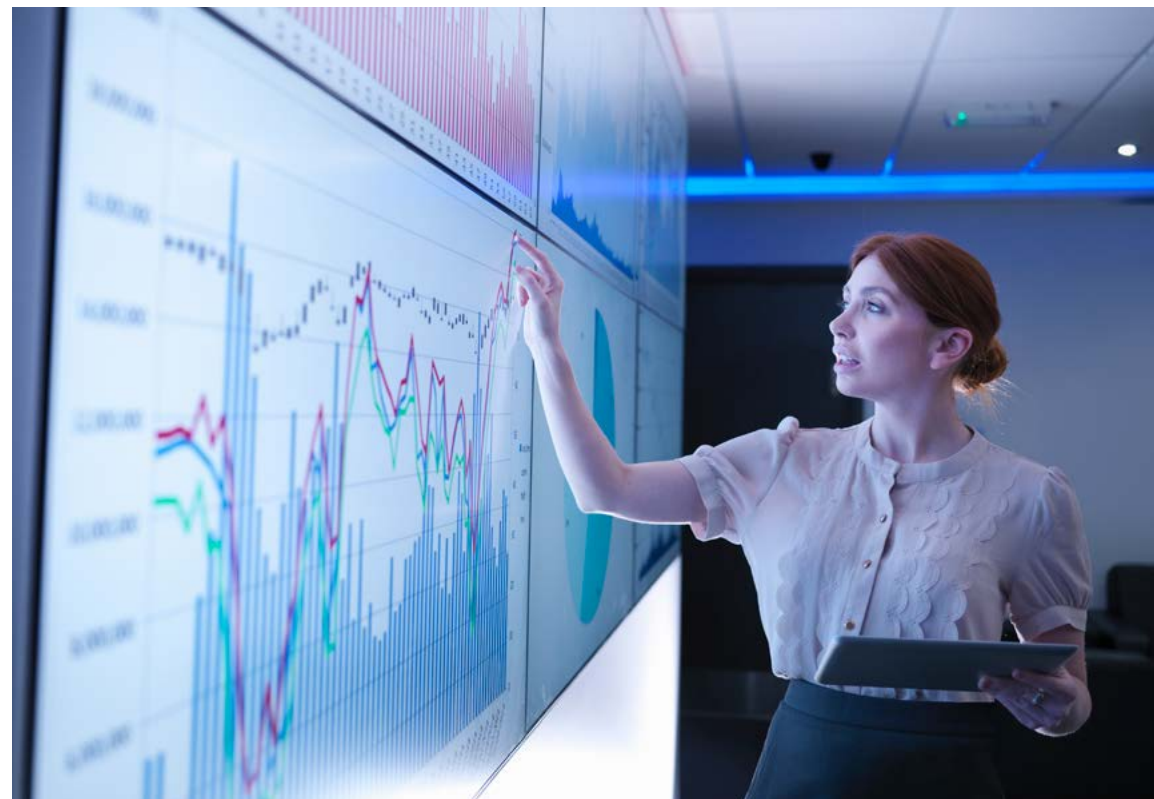
The right technology

Responsible, upskilled stakeholders cannot deliver without the right tools, and increasingly pressures to align international trade data and sustainability data are requiring businesses to look at investing in new technology or developing bespoke solutions in-house.

In this digital age, leaders of every corporate function are exploring better automated ways of working, underpinned by technology solutions. Different departments are pursuing and evaluating different technology solutions, which can bring challenges, such as inefficiencies of data acquisition processes and the need for constant customization and reconfiguration as new technology solutions are introduced.

As all of these stakeholders look to get the right technology in place to respond to new sustainability demands, having a uniform technology strategy and approach across sustainability, finance, supply chain and trade will be key. Coordination is vital to ensure that the selected solutions are fit for purpose and provide the right data interfaces for compliance with the cross-functional data

demands imposed by the new ESG regulatory environment. No doubt there will be increasing instances where management needs to make investment decisions based on what is deemed to be a priority. However, many of these objectives go hand in hand, and the right technology and responsible governance can bring a considerable amount of synergy across various functions' objectives. ■



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Australia considers CBAM to address carbon leakage

The Australian government has announced a review of policy options to address carbon leakage, including the feasibility of an Australian Carbon Border Adjustment Mechanism (CBAM). As the urgency to address climate change intensifies globally, Australia has commenced the Carbon Leakage Review, which aims to assess the carbon leakage risk, consider policy options for addressing leakage and then conduct a feasibility assessment of a possible Australian CBAM, following the EU's lead.¹ In a marked change from the previous government, Australia's Minister for Climate Change and Energy, the Hon. Chris Bowen, has made clear that efforts to combat carbon leakage by regulating supply chains is "a key consideration in the development of climate policy."²

This new provision stems from Australia's reforms to its Safeguard Mechanism, which commenced at the start of the financial year on 1 July 2023 and sets limits on emissions at Australia's largest industrial facilities. The proposed introduction of an Australian CBAM aims to level the playing field for domestic producers that are subject to carbon pricing and the Safeguard Mechanism and face competition from foreign producers' imported products that are not subject to the same rules. A CBAM could do this by applying a "carbon tariff" at the border on imports of certain commodities, such as steel and cement (including clinker and lime), from countries with weaker emissions reduction policies.



¹ Further background information on the EU CBAM can be found in our article "EU: CBAM in force" in this edition of *TradeWatch*, [page 51](#), and in our alerts [European Parliament approves EU Emission Trading System reform and new EU Carbon Border Adjustment Mechanism](#), *EY website*, 20 April 2023; and [Final regulations published for new EU Carbon Border Adjustment Mechanism \(CBAM\) and EU Emission Trading System revisions; CBAM transition period begins 1 October 2023](#), *EY website*, 22 May 2023.

² Hon Chris Bowen, "Speech to Australian Business Economists," *Australia Department of Climate Change, Energy, the Environment and Water website*, 15 August 2023. [Find it here.](#)

The EU's CBAM has gained attention for its attempt to address this carbon leakage challenge, wherein industries shift production to countries with less-stringent climate policies, undermining global emissions reduction efforts. The EU CBAM imposes a levy on industries with significant emissions, such as cement, iron and steel, aluminum, fertilizer, and electricity. The goods in the CBAM's scope are identified based on the Harmonized System for Tariff Classification, a standardized global framework for categorizing traded goods, and are correlated with what importers would have paid under the EU's emissions trading scheme.

The EU's experience offers valuable lessons for Australia. The EU's CBAM has faced concerns and criticism from trading partners (e.g., China, South Africa, Brazil, India) that view it as a discriminatory trade barrier, and it could face a challenge at the World Trade Organization (WTO). The Australian review will, therefore, likely focus on finding the appropriate balance between the country's national net-zero ambitions, its trading relationships, consistency with international trade rules and possible interoperability with other CBAM schemes.

The government's Carbon Leakage Review of additional policy options will be led by Frank Jotzo, a professor of environmental economics and climate change economics at the Australian National University. Jotzo will be supported by a team within the Department of Climate Change, Energy, the Environment and Water, and representatives from other Australian government agencies. The review team will consult extensively with two rounds of public consultation, including calls for written

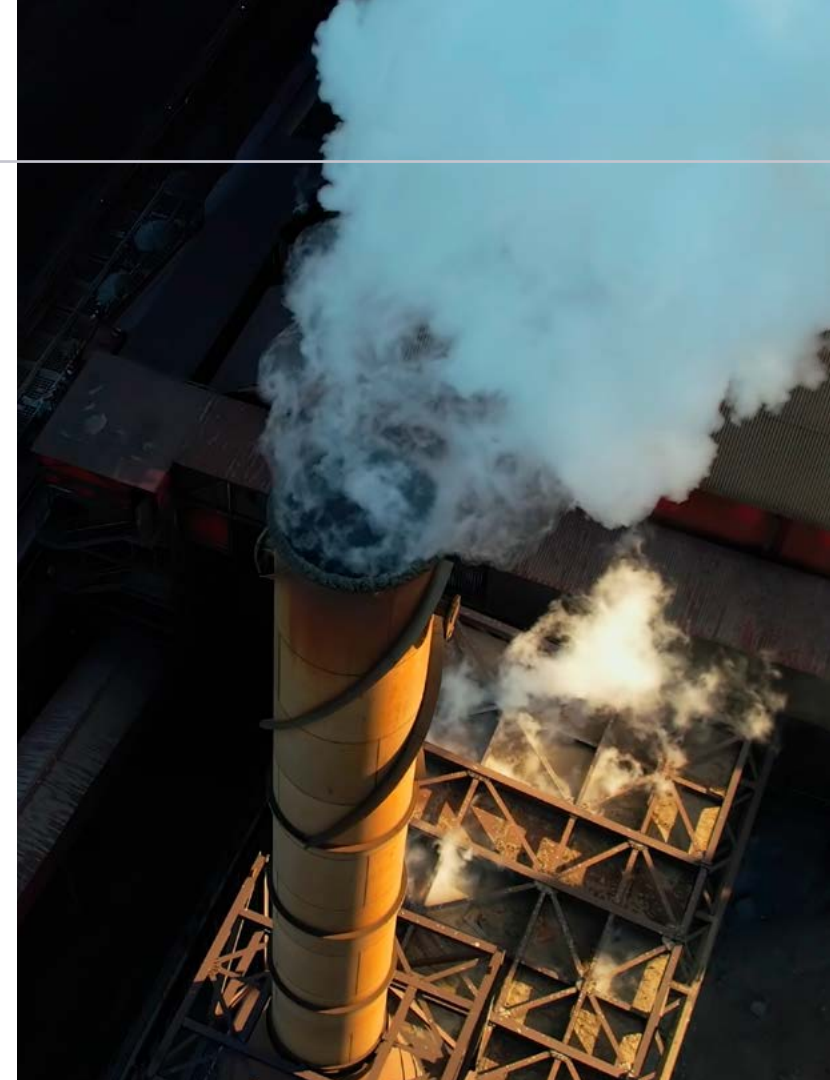
submissions. Key stakeholders include industry, peak business groups, experts and researchers, commonwealth and state and territory government agencies, international trading partners, relevant international bodies, and the broader community.

The final review report is due to be finalized by 30 September 2024, and detailed design of any agreed policy options will then be developed and could be implemented in the government's Net Zero 2050 plan.

Actions for businesses

To prepare for the potential implementation of a CBAM or similar carbon tariff, Australian businesses should consider:

- ▶ Undertaking an assessment of exposure and impacts by identifying the goods and sectors that could be affected by the tariff and estimating the potential financial impact on their operations
- ▶ Implementing further emission tracking and reporting to verify the carbon emissions associated with their products
- ▶ Prioritizing carbon reduction and diversification strategies to reduce reliance on high-emission products
- ▶ Evaluating existing trade relationships, proactively initiating dialogue to address concerns and exploring ways to minimize tensions
- ▶ Engaging and collaborating with businesses, industry associations and government bodies to help shape a harmonized approach to carbon pricing and trade ■



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EU: CBAM in force

On 1 October 2023, the world's first legal instrument for a CBAM became effective in the EU. This is an important landmark in development of carbon pricing measures – and not only for businesses based in the EU. The EU measure impacts a wide range of businesses globally. It may also influence the approach to carbon pricing instruments currently considered in other jurisdictions, including Australia and the UK, where local CBAMs are in the initial stages of legislative development.

Key dates for the EU CBAM

- ▶ The EU CBAM instrument started with a transitional period, which lasts until 31 December 2025. It requires importers (customs declarants and indirect representatives) to keep records about CBAM data and report embedded emissions in goods subject to CBAM.
- ▶ From 1 January 2026, the final implementation of CBAM will require importers to hold a new authorization (as an authorized CBAM declarant) to declare goods for release for free circulation in the EU. The authorization can be applied for from 31 December 2024.
- ▶ From 1 January 2026, importers will be required to purchase CBAM certificates on an ongoing basis to cover the emissions embedded in imported CBAM-covered goods.



- ▶ The CBAM charges are phased in from 2026 until 2034, with a progressive amount of CBAM certificates due as the measure progresses.
- ▶ This CBAM phase-in period mirrors the phase-out of so-called free allowances for CO2 certificates, which EU manufacturers will continue to receive in the next few years, and it will provide for a level playing field between EU goods and imports from outside the EU.

Impact of CBAM charges

Depending on the emission intensity of imported goods, and the volume an importer brings into the EU, CBAM charges may become a material cost, making them a real strategic or competitive advantage or disadvantage for businesses. Businesses investing in low- or zero-carbon manufacture will earn a competitive edge for their

investment, as their carbon pricing will be lower than for competitors that have not invested (with charges applying by way of the EU Emissions Trading System for EU manufactured goods and CBAM for non-EU manufactured goods being imported to the EU).

Who is affected by CBAM?

Businesses in many sectors can be affected by CBAM. CBAM in its current version covers products such as:

- ▶ Kaolin and other kaolinic clays, calcined
- ▶ Cement, aluminous cement, cement clinkers, etc.
- ▶ Fertilizers (e.g., ammonia, nitric acid, sulphonitric acids)
- ▶ Agglomerated iron ores and concentrates

- ▶ Comprehensive coverage of iron and steel products (except some ferroalloys, scrap, etc.)
- ▶ Iron and steel products, including downstream products, such as screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles
- ▶ Aluminum structures and parts of structures
- ▶ Certain aluminum reservoirs, tanks, vats and containers
- ▶ Stranded wire, cables, plaited bands and the like, made of aluminum, not electrically insulated
- ▶ Other articles of aluminum
- ▶ Hydrogen
- ▶ Electrical energy

A wider net, in which many businesses may be caught

Responsibility for CBAM extends not only to the “heavy importers” of the products listed above. Even businesses that import small amounts of them may be caught by these provisions. This is because CBAM only has a de minimis limit for consignments up to EUR150. Hence, most business-to-business import shipments of CBAM-covered goods will be relevant.

1 The EU's Carbon Border Adjustment Mechanism (CBAM) is our landmark tool to put a fair price on the carbon emitted during the production of carbon intensive goods that are entering the EU, and to encourage cleaner industrial production in non-EU countries. The gradual introduction of the CBAM is aligned with the phase-out of the allocation of free allowances under the EU Emissions Trading System (ETS) to support the decarbonisation of EU industry.”, *European Commission website*. [Find it here](#).

2 “The role of customs and trade functions in the ESG era” in this edition of *TradeWatch*, [page 44](#).

In particular, it is crucial to consider that CBAM not only covers raw materials or semifinished products but also some downstream products, such as basic metal parts and connection tools, including screws, bolts and nuts. That means that each business sourcing these common goods (e.g., spare parts and components for machines, electronics) from outside the EU can become liable under the CBAM regulations. Therefore, it is important for businesses to actively validate whether they are excluded from CBAM (as it is so easy to become covered).

These provisions may even extend further in the next few years. Given the importance of sustainability, it seems likely that policies will be introduced to bring all imported products into the CBAM net that would be subject to carbon pricing in the EU, if they were produced in the EU. If so, these rules may cover an extended range of metal products, polymers (plastics), mineral oil products, diverse chemicals, paper and pulp, ceramics, and others. Therefore, the strategic impact of CBAM is likely to grow over the coming years and that will impact even more businesses.

Who is responsible within the organization?

For most businesses, the CBAM journey starts with the fundamental question: Who is responsible for CBAM? And there is no simple answer.

CBAM is neither a customs duty, nor a tax.¹ Hence, some tax and trade professionals may argue that someone else within the organization should own CBAM. In practice, this responsibility often falls to the sustainability department, supply chain or procurement. However, this may not always be the best solution.²

CBAM is a measure closely connected to trade and cross-border movements of goods. Therefore, it is heavily connected to customs and not just to customs import data (which is needed for accurate CBAM reporting). The CBAM regulations are full of legal clauses taken from customs regulations or that make reference to them. Therefore, effective compliance requires a deep understanding of customs principles. This is an argument for the trade function within the organization to have a strong role in dealing with this measure.

Other possible contenders for responsibility are the tax, trade or finance functions within the organization. One possible argument for CBAM responsibility residing with them is the fact that tax and trade professionals have the necessary experience and knowledge to deal with these types of legal regulations and to comply with their conditions. Also, traditionally, these departments are experienced in reporting to the authorities, which is also often cited as a reason for giving them the task. If no other department takes responsibility for CBAM, by default it may simply end up with these functions.

None of these decisions is right or wrong. Each decision about where governance should reside has its advantages and disadvantages. Of course, factors such as resources, experience and corporate structure are also vital to consider in making any decision about who should own the topic. In practice, the best solution is likely to involve multiple stakeholders across the organization. The important thing is that a decision about who has ultimate responsibility must be made, and it should be made consciously, not by default. CBAM is now a reality

and affected businesses must decide who is going to take ownership of it and prepare the organization for CBAM reporting and the impact of CBAM costs.

Dealing with CBAM

Once responsibility has been assigned, the initial steps for a business to approach CBAM are generally:

- ▶ Screening the product portfolio for CBAM-covered goods
- ▶ Identifying the affected entities
- ▶ Screening the affected customs service providers and suppliers

Our experience in helping organizations to deal with the new regulations is that the whole project may become far more complex than initially expected. Some of the issues that may cause challenges include:

- ▶ **Customs classification:** For some products (especially metal products) customs classification can become truly complex as, depending on details of the product's characteristics, different products performing the same function can have different customs classification and may or may not be covered by the CBAM.
- ▶ **Indirect procurement:** Aside from the import of products or traded materials, businesses often have imports of "indirect procurement," such as purchases made by the IT or marketing departments or import of samples and the like. These goods may not be easily visible in standard reports, and they may arise in entities that would not be readily considered as subject to the CBAM.

- ▶ **Customs service providers and suppliers:** Non-EU businesses often use logistic service providers and customs representatives to act in the capacity of an indirect customs representative to import cleared goods for the non-EU principal. However, these EU service providers are likely to take on considerable additional obligations under CBAM. In that case, they may want to change their current arrangements and service agreements to avoid becoming obliged to act on behalf of their non-EU clients under CBAM and running additional risks.

Scenario planning for additional costs

Most businesses are also interested in the cost implications of CBAM from 2026 onward. These scenario simulations can cover multiple dimensions. Businesses will want to understand the direct CBAM impact coming from their own imports. They will also want to understand the indirect CBAM impact if another upstream party imports the goods, pays for CBAM and will potentially include the cost when making intra-EU sales to the customer.

Changes in the portfolio and volumes of procured goods may also be considered. Finally, improvements in emissions intensity, changes in carbon costs paid in the country of origin and the EU carbon price (the price of the CBAM certificates) may be considered in the modeling.

Often, the results of an initial indicative modeling are needed to convince other stakeholders in a clients' organization that CBAM can become business critical. This may be a necessary step in receiving support and resources to drive comprehensive CBAM preparation.



The data challenge

CBAM reporting appears to be a challenging data exercise for most importers. In full, the CBAM report has more than 200 data elements (although, not all are initially mandatory). It comprises data that should come from customs declarations, data from enterprise resource planning systems and emissions data. Key preparatory steps include finding the right data sources (i.e., identifying the relevant systems and data owners), identifying how to extract the data from systems, and determining the availability and quality of the available data.

If data is available and is of a good quality, governance organization and processes are needed to extract and transport it from different sources and owners to a central function designated to prepare and submit the CBAM report to the authorities (i.e., the EU Commission).

Different reporting solution options are likely to apply. For example, the reporting may be organized locally (at the level of single entities), through an internal shared service center arranging the reports for a group of entities or by integration of an external service provider. Outsourcing or co-sourcing these tasks may be an option. Service providers (including EY firms) may offer CBAM reporting as a managed service or provide a dedicated IT solution to efficiently connect data providers and streamline the CBAM reporting workflow.

Reporting emissions data

Another specific data challenge for businesses is the reporting of emissions data. Three methods for emissions determination are defined by law:

1. As a standard, the EU method requires determining emissions from source streams based on so-called “activity data,” which means determining emissions from emission sources by means of continuous measurement.
2. As a simplification, until the end of 2024, emissions data may also be determined by way of methods used under monitoring, reporting and verification systems (MRV) or other methods (e.g., if a carbon pricing scheme is applicable where the installation is located, the data is based on an emissions monitoring scheme applicable to the installation that can also include verification by an accredited verifier or data determined based on compulsory emission monitoring schemes).

3. If a CBAM-obliged importer does not own data determined in accordance with the above methods, standard values, which will be published by the EU Commission, can be used for a simplified calculation of embedded emissions. However, the use of this simplified method will only be available for the first three reports, until mid-2024.

The EU Commission has provided a template for the documentation and sharing of emissions information, which is a comprehensive guideline detailing the standards for CBAM emission determination. However, the rules are complex and may overburden many manufacturers. Also, in some scenarios, suppliers may not be prepared to provide details about the manufacturer and embedded emissions for commercial reasons, which may place importers in a difficult situation, as they will not have the data required.

Non-EU manufacturers that sell into the EU market should familiarize themselves with the EU rules for CBAM embedded emissions determination and pursue ways of providing this information. While EU importers sourcing from third-party suppliers need to consider how they will enable their suppliers to provide the data they will need, collaboration will be crucial throughout the supply chain.

CBAM penalties²

Working toward accurate CBAM compliance is also important to mitigate the risk of incurring penalties for noncompliance or false reporting. For the CBAM transitional period, the regulations specify a penalty from EUR10 to EUR50 for each unreported ton of emissions. When setting the penalty amount, authorities may consider the extent of unreported information, the quantity of unreported imported goods and the unreported emissions relating to those goods. The CBAM declarant’s readiness to correct the situation and their historic behavior will also be considered. Higher penalties may be applied if more than two incomplete or incorrect reports are submitted in a row or the duration of the failure to report exceeds six months. Some EU Member States establish local penalty regimes in addition, which, in some cases, contain much harder sanctioning. ■

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² Further information can be found in our alert “EU | Compliance obligations for EU CBAM,” EY website, 16 October 2023. [Find it here.](#)

EU: Commission and Council take steps as part of the Circular Economy Action Plan with new rules on textiles and batteries

Sustainability continues to be a hot topic around the world as governments take action to reduce carbon emissions, waste and pollution – not only introducing new taxes and levies but also offering incentives to businesses to improve their environmental footprint.

The EU Commission and Council have announced proposals aimed at improving sustainability for the textiles industry and for batteries. Developments include new waste targets and extended producer responsibility (EPR) requirements in these areas. Businesses should review these developments, make use of available research and development (R&D) incentives and grants, and consider how their supply chains may need to be reworked in accordance with new requirements.

Overview

As part of its journey toward a more circular economy, in July 2023 the EU Commission and Council made further announcements to previous

environmental proposals to ensure that producers of textiles and batteries move toward more sustainable production, consumption and disposal of their products in the EU. These packages were released alongside a package of measures for a sustainable use of key natural resources and reflects Europe's continued commitment to the European Green Deal. These measures are part of the Circular Economy Action Plan (CEAP), a key pillar of the European Green Deal,¹ which is setting Europe on the path to climate neutrality by 2050.

Textiles

From the perspective of European consumption, textiles are the fourth-largest source of environmental and climate pressure – after food, housing and mobility – as established by the European Environmental Agency.² Estimates show that the carbon footprint of the textiles sector is 442kg CO₂-eq per person a year.³ At the same time, almost 90% of this climate footprint occurs outside the EU.⁴

1 "The European Green Deal," *European Commission website*. [Find it here](#).

2 "EU exports of used textiles in Europe's circular economy," *European Environment Agency website*, 27 February 2023. [Find it here](#).

3 "Circular Economy Perspectives in the EU Textile sector," *European Commission website*, 16 June 2021. [Find it here](#).

4 "Circular Economy in the Textile Sector," *European Union website*, January 2019. [Find it here](#).



Specific rules have been proposed to introduce EPR requirements for textile producers across the EU. EPR is an environmental policy measure that extends a producer's responsibility to the full lifecycle of a product, which could include not only waste, recycling and return of products but also product design. Although numerous legislative stages remain before enactment, companies that could fall within the scope of these measures should note that the impact will be significant and will largely influence day-to-day operations.

Circular economy for textiles

Given the high impact of textiles on the environment and climate change, the full lifecycle of textile products has been under high scrutiny by the EU.⁵ The release of the "EU strategy for sustainable and circular textiles" on 30 March 2022 marked the policymakers' vision for more sustainable management of textile waste. On 5 July 2023, new EU rules were proposed, aimed at:

- ▶ Introducing a mandatory and harmonized EPR for textiles across EU Member States
- ▶ Promoting R&D of innovative technologies for the circularity of the textiles sector, such as fiber-to-fiber recycling

⁵ "EU strategy for sustainable and circular textiles," *European Commission website*, 30 March 2022. [Find it here.](#)

⁶ "Council adopts new regulation on batteries and waste batteries," *Council of the EU press release*, 10 July 2023. [Find it here.](#)

⁷ "Circular economy: New law on more sustainable, circular and safe batteries enters into force," *European Commission website*, 17 August 2023. [Find it here.](#)

⁸ "Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability," *European Commission website*. [Find it here.](#)

⁹ Including the [EU Waste Framework Directive \(2008/98/EC\)](#), and [Regulation \(EU\) 2019/1020](#).

- ▶ Preventing the practice of illegal exports of textile waste disguised as being for reuse

The above measures will support the new rules requiring the separate collection of textile waste, which will become mandatory in the EU in 2025.

Potential implications – textiles

Steps in the regulatory process still need to be completed. However, companies either headquartered in the EU or present in the EU at some point in their supply chain should consider taking actions such as:

- ▶ Mapping responsibility for the EPR costs and obligations if products are only partly composed of textiles and preparing for new reporting obligations
- ▶ Reviewing supply chains and considering impacts such as durability, reparability and recyclability of textiles; carbon impact of textile processes (e.g., production or transportation) and/or water usage; human rights and labor considerations; and qualification for textile waste under the new waste shipment regulation
- ▶ Making use of available R&D incentives, grants and funding to finance sustainable textiles transformation
- ▶ Understanding and modeling other potential operational costs, in addition to EPR, such as for production costs, new shipping or waste costs, and carbon-related costs
- ▶ Considering recycle or repair programs to champion circularity and reduce operational costs

For companies active in the textiles sector, it will be important to continue to monitor developments in this regulatory space. Early understanding of their potential impact from a legal, business, operational, tax and transfer pricing perspective is crucial for adopting appropriate strategic measures.

Batteries

On 10 July 2023, the EU Council adopted a new regulation on batteries and waste batteries⁶ that will replace the existing legal framework (dating to 2006) by introducing more stringent requirements. The new legislation became directly applicable across the EU on 17 August 2023.⁷

The environmental impact of over consumption is not the only reason why the EU is focusing on circularity in this sector. Equally important are technical solutions based on raw materials used in batteries, which play a key role in the development of zero-emission mobility solutions and the storage of renewable energy. Research shows that for batteries for electric vehicles and energy storage, the EU will need almost 60 times more lithium and 15 times more cobalt by 2050, compared with the current supply of these materials to the EU.⁸

New regulation: strengthening sustainability rules for batteries and waste batteries

The new regulation will repeal the existing batteries and waste batteries directive (2006/66/EC) and amend other related legal acts.⁹ Key updates include:

- ▶ A broader and more detailed EPR regime
- ▶ Labeling and information requirements to apply by 2026
- ▶ An obligation to set up an electronic “battery passport” and a QR code by 2027 (operators are also required to verify the source of raw materials used for batteries placed on the market – subject to a small and medium-sized enterprises exemption from the due diligence rules)
- ▶ An obligation to ensure that portable batteries incorporated into appliances are removable and replaceable by the end user by 2027
- ▶ Waste collection targets and separate lithium collection targets for waste batteries
- ▶ Mandatory minimum levels of recycled content (initially set at 6% for nickel, 6% for lithium, 16% for cobalt, 85% for lead) and maintaining recycled-content documentation
- ▶ A recycling efficiency target for waste batteries

EU Member States are required to establish rules on penalties applicable to infringements of the new battery and battery-waste regulation.

Potential implications – batteries

Primarily, it is important to remember that an EU regulation is a binding legislative act that must be directly applied in its entirety across the EU. Therefore, this measure will become immediately relevant to all companies headquartered in the EU and companies with an element of their supply chain in the EU. The new regulation will automatically replace previously applied national frameworks. However, it can be expected that some EU Member States may introduce additional obligations on a national level.

Affected businesses should consider and evaluate:

- ▶ Additional compliance and reporting obligations and the associated costs
- ▶ Increased regulatory focus on EPR systems
- ▶ The need to redesign products if batteries are neither removable nor replaceable by the end user or if the components are not compliant with the regulation's requirements
- ▶ Available R&D incentives, grants and funding to finance supply chain transformation, especially to meet new requirements
- ▶ The cost efficiency of a recycle or repair program
- ▶ The company's new carbon footprint, resulting from any changes to the supply chain

It will be important for companies to reassess their obligations and their supply chain in light of the new rules to meet targets and comply on time. ■



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UK: Reducing waste

In recent years, customer and shareholder demands have rapidly shifted – consumers expect companies to play a key role in delivering a sustainable future, and shareholders base investment decisions on environmental, social and governance (ESG) criteria. In the UK, like many other countries globally, tax and regulatory developments reflect this shift. In recent years, the government has responded with policy measures focused on emissions reduction, transparency and reporting, and incentives and government funding for sustainable advancements. In addition to these measures, resource preservation is a key factor and one of the biggest challenges that we face globally.

EPR and PPT

Extended producer responsibility (EPR) and Plastic Packaging Tax (PPT) are two measures focused on controlling the level of packaging that is not recycled or reusable. The EPR regulations will apply to all UK organizations that import or supply packaging. EPR recognizes that the traditional “take-make-dispose” linear economic model is unsustainable, as it leads to resource depletion, pollution and the accumulation of waste. The aim of this legislation is to give companies financial incentives to reduce the amount of packaging they supply and improve recyclability.

This new environmental policy has created a range of challenges for businesses, particularly those heavily reliant on packaging, as in-scope businesses are required to re-evaluate their packaging materials, supply chains and production processes to comply with the data and reporting requirements. Businesses should also take the opportunity to assess their plastic and packaging reduction strategy to ensure that they understand the impact of both packaging measures (PPT and EPR) on their current business model.

Latest updates

The Department for Environment, Food & Rural Affairs (DEFRA) has extended the reporting and packaging fees deadlines associated with EPR. DEFRA confirmed that it will use the additional year to continue to discuss the scheme's design with industry and reduce the costs of implementation wherever possible:

Packaging fees

Fees associated with EPR have been deferred to October 2025. However, organizations must report their first packaging data report for 2023 by 31 May 2024, at the latest.

Reporting under EPR

The first reporting period for EPR is 1 January 2023 to 30 June 2023. Small organizations should submit the report for this period by 1 April 2024, and large organizations should have submitted their data by 1 October 2023. DEFRA confirmed that these deadlines are laid out in the regulations; however, no enforcement action will be taken if this data is submitted by 31 May 2024.

Four key actions for organizations to consider

Businesses should consider taking the following four actions now to prepare:

1. **Understand when to report your EPR data.** Reports should be submitted for two periods (1 January 2023–30 June 2023 and 1 July 2023–31 December 2023) on 31 May 2024. Each report must be reported separately.
2. **Closely monitor developments** with EPR and other packaging regimes across the EU as other jurisdictions prepare to launch their own EPR regimes.
3. **Communicate with your packaging suppliers** to understand whether they have undertaken any preparations for the implementation of the regime, including understanding whether monitoring systems are used and whether required information for EPR reporting is available.

4. **Assess the data requirements** needed to submit quarterly EPR reports, mapping them against existing data availability to identify gaps. Where data gaps exist, implement mechanisms to close them. This will likely involve a wide range of stakeholders to examine the internal systems, processes and controls to capture the necessary data.

The EPR extension relieves the time pressure on companies to close data gaps identified in their packaging data. However, for a significant number of businesses, there are still large amounts of packaging data and backend processes not yet in place that are required to meet the requirements of the regime. The more businesses submit their data on time, the sooner businesses will have visibility of the fees associated with EPR, allowing for earlier assessment and forecasting of the financial impact. ■



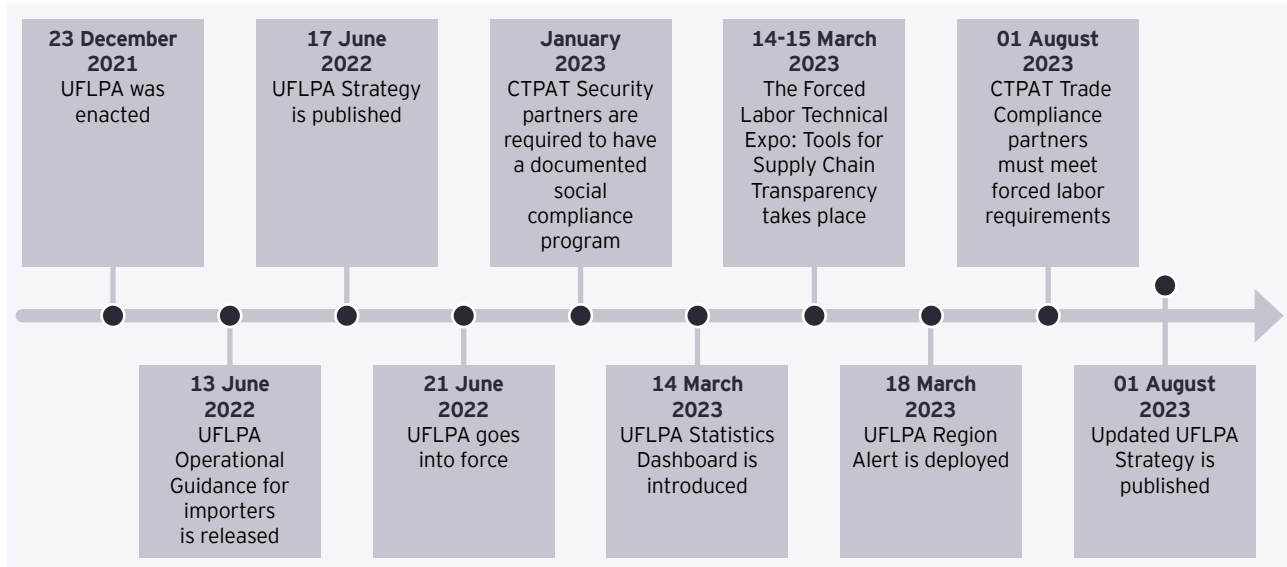
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US: Uyghur Forced Labor Prevention Act in action: updated guidance and trends



The Uyghur Forced Labor Prevention Act (UFLPA) took effect on 21 June 2022. The UFLPA establishes a rebuttable presumption that goods made in whole or in part in China's Xinjiang Uyghur Autonomous Region (XUAR) or goods produced by certain named entities (i.e., on the UFLPA Entity List) are made with labor practices set out in the Act and are prohibited from importation into the US. To rebut this presumption when goods are detained, importers must demonstrate by "clear and convincing" evidence to US Customs and Border Protection (CBP) that the detained goods are not the product of such labor practices.¹ This article focuses on updated guidance in the year since UFLPA implementation and trends since enforcement began.

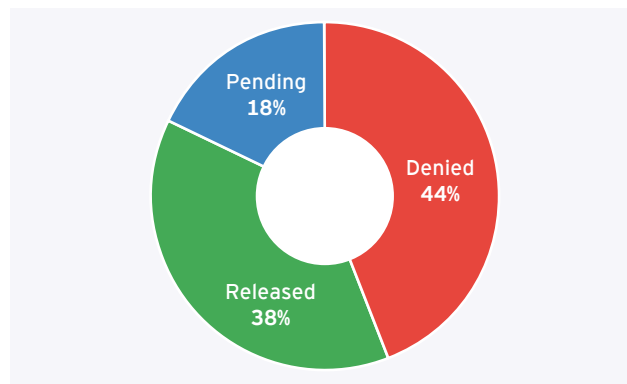


¹ "US: Uyghur Forced Labor Prevention Act goes into force," *TradeWatch*, Issue 3, 2022, page 31. [Find it here.](#)

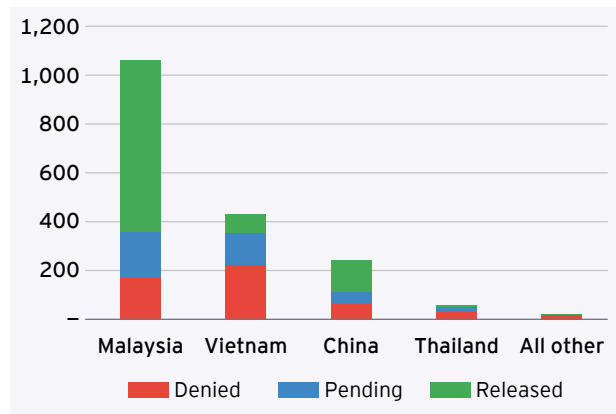
Enforcement to date

At the time of preparing this article, CBP has detained 5,346 shipments worth over USD1.8 billion dollars.² The majority of shipments detained, 2,325 shipments valued at USD510 million, were denied entry into the US, while 2,033 shipments valued at USD985 million were released, and the remaining are pending resolution. The industry most impacted by detentions and denied shipments is the electronics industry, followed by industrial and manufacturing materials, then apparel, footwear and textiles. Most detained shipments were not of Chinese origin – the highest-value detained shipments were Malaysian-origin goods. Vietnamese-origin goods were the highest-value shipments denied entry.³

Results of detailed shipments from June 2022 to September 2023



Shipment value (USD million) by country of origin



UFLPA Region Alert

In March 2023, CBP introduced the UFLPA Region Alert enhancement to the Automated Commercial Environment (ACE).⁴ The UFLPA Region Alert provides notifications to importers (and representatives) when goods are at risk of being detained due to connection to XUAR. The update also changed the postal code field to be mandatory. Users now receive error messages if the postal code provided is not a valid postal code in China and a warning message when a XUAR postal code is provided.

Additional requirements imposed on US trading partners

After the implementation of UFLPA, CBP made revisions to the voluntary Customs Trade Partnership Against Terrorism (CTPAT) Security⁵ and CTPAT Trade Compliance programs. These revisions introduced new requirements pertaining to the

restrictions and prohibition of importing goods believed to be manufactured, in whole or in part, using forced labor.⁶ The CTPAT requirements apply to CTPAT participants only, but the conditions have generated challenges for importers seeking to comply with the various requirements.

CTPAT Security

As of January 2023, CTPAT Security participants are required to have a documented social compliance program that addresses how the company verifies that forced or child labor is not found in its supply chain. CBP previously encouraged a documented social compliance program, but this requirement is now mandatory. This change can be found in section 3.9 of the Minimum Security Criteria.⁷

CTPAT Trade Compliance

The CTPAT Trade Compliance program replaced the Importer Self-Assessment (ISA) Program as an enhanced component of the CTPAT Security

2 See "UFLPA Statistics Dashboard," US Customs and Border Protection, Forced Labor Division. [Find it here](#). Statistical information is subject to change due to corrections or additional information. Data is current as of 12 September 2023.

3 Ibid.

4 "Trade User Information Notice: Uyghur Forced Labor Prevention Act Region Alert," US Customs and Border Protection, last updated 26 January 2023. [Find it here](#).

5 Customs Trade Partnership Against Terrorism (CTPAT) is a US policy that is one layer in U.S. Customs and Border Protection's (CBP) multi-layered cargo enforcement strategy, *US CBP website*. [Find it here](#).

6 It is the policy of the United States – (1) to strengthen the prohibition against the importation of goods made with forced labor, including the effective enforcement of section 307 of the Tariff Act of 1930 (19 U.S.C. 1307), which prohibits the importation of all "goods, wares, articles, and merchandise mined, produced or manufactured wholly or in part in any foreign country by * * * forced labor." *US Congress website*. [Find it here](#).

7 CTPAT Minimum Security Criteria are based on the corresponding industry and role of participant. "CTPAT Minimum Security Criteria," US Customs and Border Protection, ". [Find it here](#).

program. The new obligations on the issue of targeting the use of forced labor in supply chains are outlined in the CTPAT Trade Compliance Handbook.⁸ Participants were required to meet the specified requirements by 1 August 2023, including:

- ▶ Conduct risk-based analysis that outlines the supply chain in its entirety.
- ▶ Develop, upload to the CTPAT online portal and publish publicly a code of conduct statement indicating the company's position against this issue in any part of its supply chains.
- ▶ Provide evidence of the implementation of a social compliance program.
- ▶ Provide training to suppliers, as well as proof of the training upon request, on the social compliance program requirements that identify the specific risks and help identify and prevent this issue.
- ▶ Establish remediation plans in the event that the issue is identified in the supply chains.
- ▶ Share best practices with the CTPAT Trade Compliance program to help mitigate the issue's risk.

Strategy annual update

The US Department of Homeland Security (DHS), as Chair of the Forced Labor Enforcement Task Force (FLETF), published the Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China (UFLPA Strategy) on 21 June 2022 with specific guidance to importers. The FLETF is required to publish annual updates to the UFLPA Strategy, which it did for 2023 on 1 August. The updates to the UFLPA Strategy⁹ include:

- ▶ Updates to the UFLPA Entity List and related plans
- ▶ Updates on the additional resources necessary to ensure no goods made with forced labor enter at US ports
- ▶ Updates on coordination and collaboration with appropriate nongovernmental organizations (NGO) and private-sector entities

While the updated UFLPA Strategy remained largely the same, with no formal changes to the list of high-risk sectors, the addition of certain entities to the UFLPA Entity List certainly expands the overall scope of UFLPA (discussed later in this article). Moreover, the updated UFLPA Strategy states the importance of continuously monitoring potential high-risk areas identified by NGOs, including red dates and other agricultural products, vinyl

products and downstream products, aluminum and downstream products, steel and downstream products, lead-acid and lithium-ion batteries, copper and downstream products, electronics, and tires and other automobile components.¹⁰

UFLPA Entity List

The UFLPA Entity List included 20 entities when it was first made available in June 2022.¹¹ In June 2023, two additional entities were added in the list,¹² followed by the addition of two more entities in August 2023.¹³ On 27 September 2023, three textile entities were added to the UFLPA Entity List.¹⁴

Initially, the UFLPA Strategy described the following as high-risk sectors: (1) apparel, (2) cotton and cotton products, (3) silica-based products (including polysilicon) and (4) tomatoes and downstream products.¹⁵

Notably, the two additions in August 2023 are not companies in industries targeted on the initial list and subsequent revisions. One of the added entities is a producer of lead-acid batteries, and the other entity is involved in the production of plant-based products.

The addition of these entities illustrates the widening scope of the UFLPA Entity List and demonstrates an expansion of enforcement efforts.

8 "Customs Trade Partnership Against Terrorism Trade Compliance Handbook," Version 4, September 2023. [Find it here.](#)

9 "2023 Updates to the Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China," US Department of Homeland Security website, 26 July 2023. [Find it here.](#)

10 Ibid.

11 "Notice on the Addition of Entities to the Uyghur Forced Labor Prevention Act Entity List," 4 August 2022. [Find it here.](#)

12 "Notice Regarding the Uyghur Forced Labor Prevention Act Entity List," 12 June 2023. [Find it here.](#)

13 "Notice Regarding the Uyghur Forced Labor Prevention Act Entity List," 2 August 2023. [Find it here.](#)

14 "Notice Regarding the Uyghur Forced Labor Prevention Act Entity List," 27 September 2023. [Find it here.](#)

15 "Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China," US Department of Homeland Security website, 17 June 2022. [Find it here.](#)

Technology

CBP is actively engaging with industry groups to identify technology innovations to support supply chain mapping and product testing relating to UFLPA. CBP has reportedly allocated resources to assess technology capabilities for UFLPA compliance and anticipates concluding this analysis in the near future.

On 14-15 March 2023, CBP held the Forced Labor Technical Expo: Tools for Supply Chain Transparency. The event was open to the importing community, public and private companies, and other federal agencies to demonstrate and present their technological capabilities. While CBP has not publicly supported technology capabilities or companies providing specific technology capabilities, it has signed contracts with companies that provide services related to directives under UFLPA.

Influence outside the US

Several countries have proposed or passed legislation targeting modern slavery and forced labor in the supply chain. Notable examples include:

- ▶ Australian Commonwealth Modern Slavery Act
- ▶ California Transparency in Supply Chains Act
- ▶ Canada Modern Slavery Act (Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff)

- ▶ EU Corporate Sustainability Due Diligence Directive
- ▶ EU proposal for a ban on goods made using forced labor
- ▶ EU Regulation on deforestation-free products¹⁶
- ▶ French Corporate Duty of Vigilance Act
- ▶ Germany Supply Chain Due Diligence Act
- ▶ Mexico Forced Labor Regulation (implementing obligations set forth in the United States-Mexico-Canada Agreement)
- ▶ Norwegian Transparency Act
- ▶ UK Modern Slavery Act 2015

Obligations and compliance vary among jurisdictions, but most rely on standards set by international organizations, such as the International Labour Organization and the United Nations Global Compact.

Concluding remarks

After a year since enforcement began, US importers and stakeholders have been able to adapt to the changes brought by UFLPA and its many challenges and complexities. US importers and stakeholders are now able to focus on refining supply chain due diligence in this regard and promote responsible sourcing initiatives, including:

- ▶ Proactive engagement with stakeholders to foster transparency and compliance
- ▶ Thorough mapping and due diligence of their own supply chain
- ▶ Robust monitoring mechanisms to identify and address risks
- ▶ Further improving on current processes implemented as a result of UFLPA enforcement
- ▶ Seeking technology solutions to support compliance
- ▶ Supporting compliance with other legislation targeting this issue in supply chains
- ▶ Monitoring changes and updates to current regulations on this topic ■

¹⁶ This regulation also forces EU importers to ensure that labor rights and human rights protected under international law have been complied with in the relevant country of production.

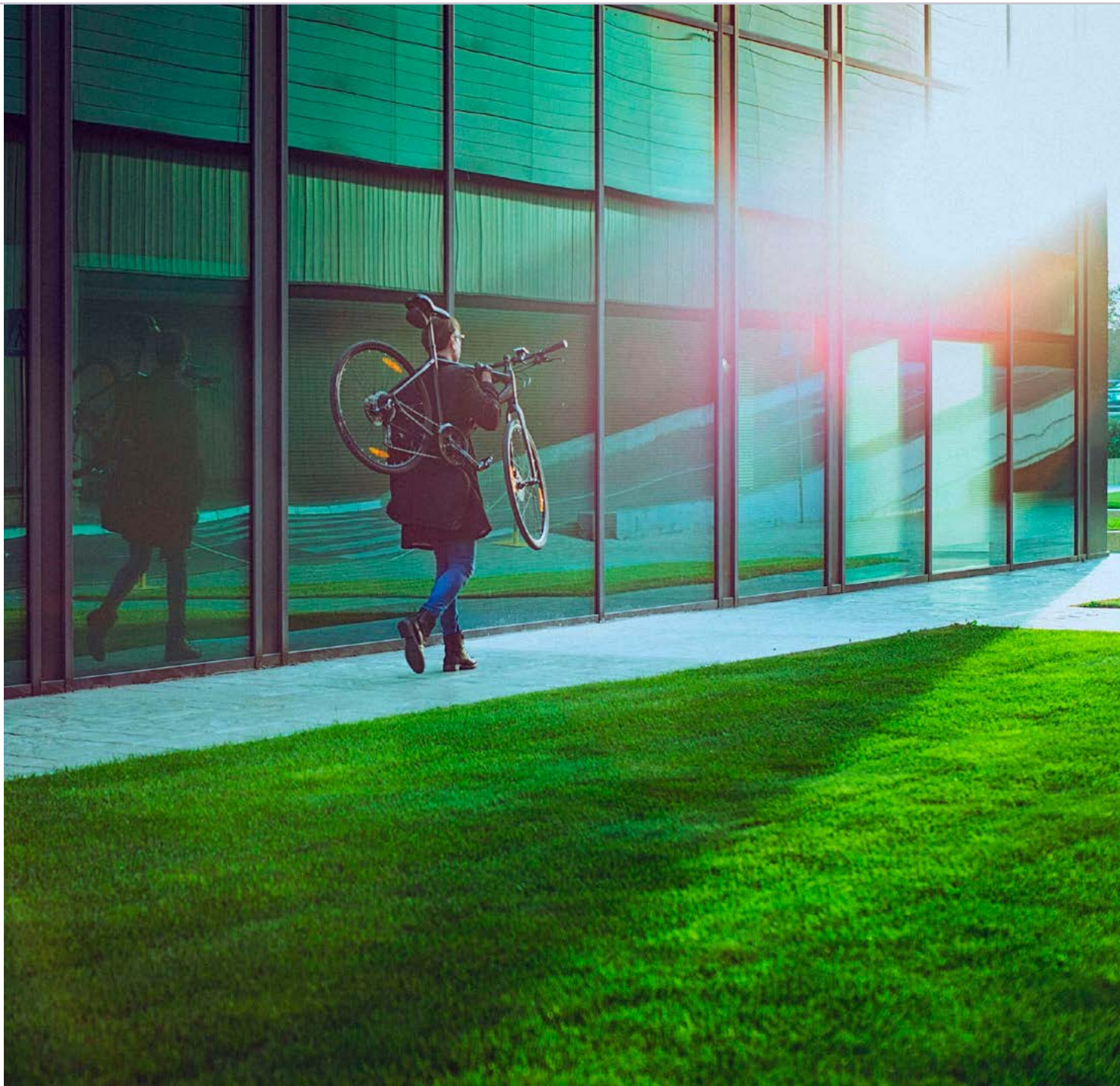
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Tax alerts

A dark gray world map outline is visible in the background, showing the continents and country borders.

Tax alerts

Tax alerts

Americas

Argentina

- ▶ Argentina applies tax on purchases of foreign currency in new transactions, provides preferential foreign-exchange rate to certain exported goods (26 July 2023)

Aruba

- ▶ Aruba Fiscal Plan 2023 – Part II Tax changes (02 August 2023)

Brazil

- ▶ Brazil's Complimentary Law number 199 simplifies tax obligations (16 August 2023)
- ▶ Brazil Senate considers VAT reform plan (10 August 2023)

Canada

- ▶ Canada publishes trade compliance verification list update, July 2023 (03 August 2023)

Costa Rica

- ▶ Costa Rica's Tax Authority issues resolution on services related to exports exempt from VAT (08 August 2023)

Dominican Republic

- ▶ Dominican Republic establishes special transitional treatment for audit, management and recovery of tax debt (18 August 2023)

El Salvador

- ▶ Salvadoran Congress approves brief tax amnesty program (10 November 2023)
- ▶ El Salvador's Congress approves bills to reform International Services Law and Free Trade Zones Law (22 August 2023)
- ▶ El Salvador's Congress receives bills to amend International Services Law and the Law for Industrial and Commercial Free Zones (04 August 2023)

Global

- ▶ OECD releases tax report to G20 Finance Ministers and seventh annual progress report of the Inclusive Framework (07 November 2023)
- ▶ EY Global Tax Controversy Flash Newsletter (Issue 63) – Free trade agreements provide opportunities for global businesses – but may increase controversy risk (10 October 2023)
- ▶ Global Tax Policy and Controversy Watch (20 July 2023)

Mexico

- ▶ Mexico offers tax incentives to taxpayers in key sectors of the export industry (13 October 2023)

Uruguay

- ▶ Uruguay's Government enacts law for accountability for 2022, making some changes to tax regulations (15 November 2023)

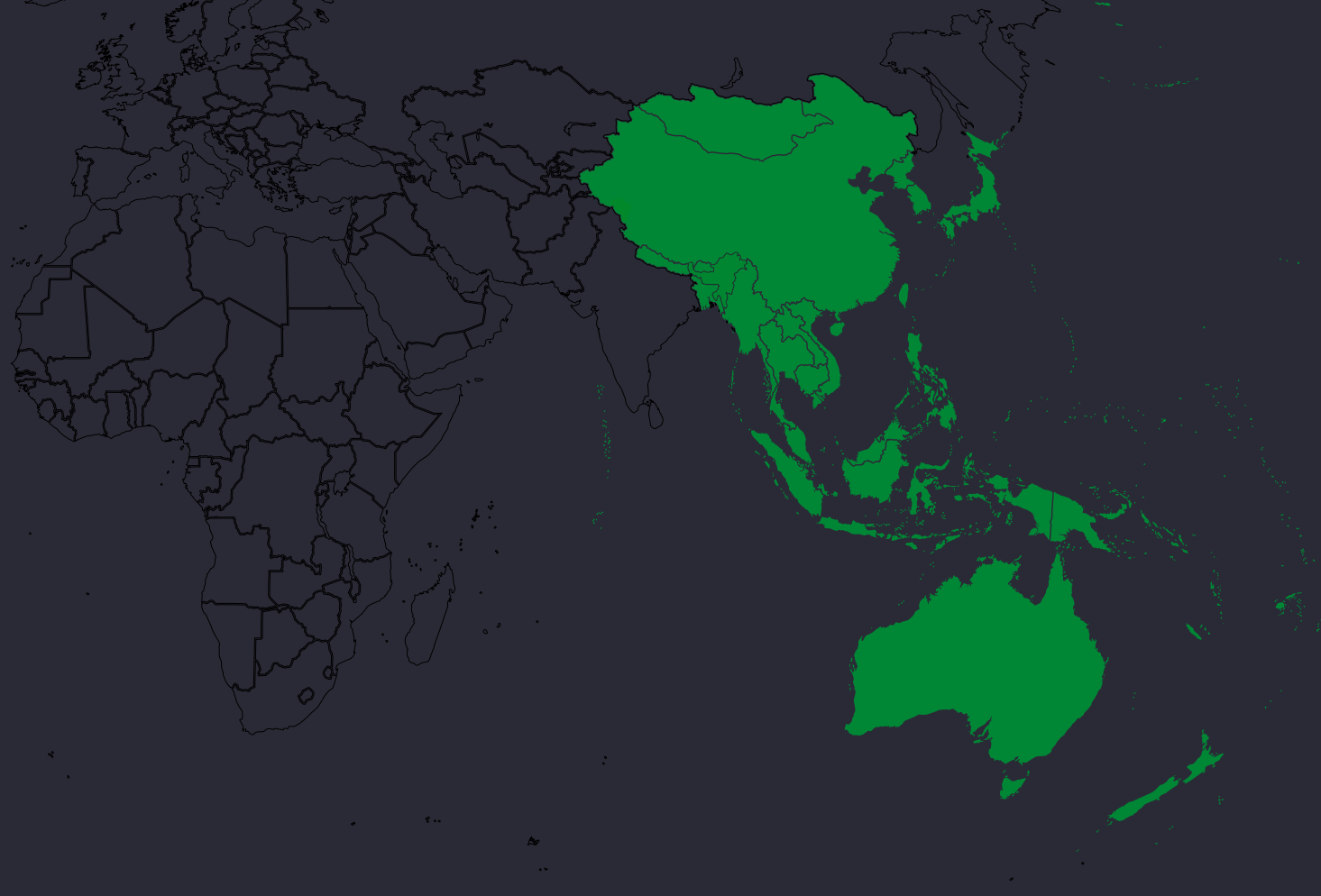
Asia-Pacific

Australia

- ▶ Australia considers CBAM to address carbon leakage
(21 August 2023)

Global

- ▶ OECD releases tax report to G20 Finance Ministers and seventh annual progress report of the Inclusive Framework
(07 November 2023)
- ▶ EY Global Tax Controversy Flash Newsletter (Issue 63)
– Free trade agreements provide opportunities for global businesses – but may increase controversy risk
(10 October 2023)
- ▶ Global Tax Policy and Controversy Watch
(20 July 2023)



Europe, Middle East, India and Africa

Bulgaria

- ▶ New energy contribution for transfers of natural gas of Russian origin (31 October 2023)

East African Community

- ▶ East African Community implements tariff changes for the Financial Year 2023/24 (26 July 2023)

European Union

- ▶ EU Council adopts new renewable energy rules and rules for promotion of sustainable aviation fuels under Fit for 55 (01 November 2023)
- ▶ EU – Compliance obligations for EU CBAM (16 October 2023)
- ▶ European Commission adopts final Implementing Regulation for transitional phase of CBAM (18 August 2023)
- ▶ EU Commission and Council take steps as part of the circular economy action plan – new rules on textiles and batteries (21 July 2023)

France

- ▶ France submits new e-invoicing timetable to Parliament (25 October 2023)
- ▶ France postpones electronic invoicing initially scheduled for 1 July 2024 (02 August 2023)

Germany

- ▶ Germany to lower reporting thresholds for energy and electricity tax subsidies (27 October 2023)

Ghana

- ▶ Ghana issues Budget Statement and Economic Policy for the 2024 Financial Year (27 November 2023)

Global

- ▶ OECD releases tax report to G20 Finance Ministers and seventh annual progress report of the Inclusive Framework (07 November 2023)
- ▶ EY Global Tax Controversy Flash Newsletter (Issue 63) – Free trade agreements provide opportunities for global businesses – but may increase controversy risk (10 October 2023)
- ▶ Global Tax Policy and Controversy Watch (20 July 2023)

Italy

- ▶ Italy's new Enabling Law for Tax Reform foreshadows positive changes to cooperative compliance program (28 September 2023)
- ▶ Italy approves framework for major tax reform, including BEPS Pillar Two principles (25 August 2023)

Ireland

- ▶ Budget 2024 – The EY Perspective (06 October 2023)

Kenya

- ▶ Kenya Revenue Authority unveils guidelines for customs clearance at port of entry for passengers (22 November 2023)
- ▶ Kenya High Court ruling provides clarity on what constitutes manufactured tobacco (10 November 2023)
- ▶ Kenya enacts tax changes under Finance Act, 2023 (20 July 2023)

Poland

- ▶ Polish Government seeks annulment of CBAM regulation in European Court of Justice (15 August 2023)

Saudi Arabia

- ▶ Saudi Arabia announces ninth wave of Phase 2 e-invoicing integration (21 November 2023)
- ▶ Saudi Arabia approves new operating procedures of the General Secretariat of Zakat, Tax and Customs Committees (20 November 2023)
- ▶ Saudi Arabia further extends tax amnesty initiative until 31 December 2023 (31 July 2023)

South Africa

- ▶ South Africa's 2023 draft Tax proposals (02 August 2023)

Turkey

- ▶ Turkiye removes right to deduct import VAT calculated due to certain trade policy measures (01 December 2023)
- ▶ Turkiye increases additional customs duty rates on textile industry (26 October 2023)

United Kingdom

- ▶ UK announces tax measures for growth in Autumn Statement 2023 (22 November 2023)

Additional resources

Additional resources



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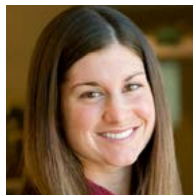
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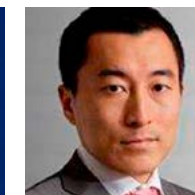
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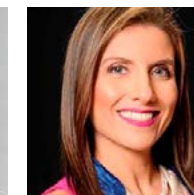
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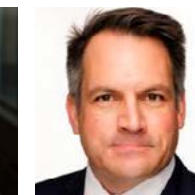
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