

# India seeks EU carbon tax relief for MSMEs

India is pressing the European Union for a mutual recognition agreement for its carbon certificates and exempt MSMEs in certain sectors to insulate the domestic industry from the burden of the EU's carbon tax, which would kick in from October this year, a government official said.

The EU is introducing the Carbon Border Adjustment Mechanism (CBAM) from October 1 this year. CBAM would translate into a 20-35 per cent tax on select imports into the EU starting January 1, 2026. From October, domestic companies from seven carbon-intensive sectors –including steel, cement, fertiliser, aluminium and hydrocarbon products — would have to seek compliance certificates from the EU authorities to comply with the CBAM norms. **PTI**