

Prepare your Business for Brexit

With the 31 December 2020 fast approaching, here are the steps you should be taking to prepare your business for the UK's departure from the EU.

Who is affected by Brexit?

If your business trades with European customers and/or suppliers or moves goods across Europe either to the UK or to other countries, you will be impacted by Brexit.

Brexit To Do List

Imports and Exports

1. EORI

If you don't already have one, get an EORI number to move your goods into or out of the EU. You may need an EORI number from another European Member State. Set up a duty deferment account if you need one. Register for the New Computerised Transit System and the National Export System.

2. UK Tariff Codes

The UK Government has introduced the UK Global Tariff (UKGT) to replace the EU's Common External Tariff on 1 January 2021 at the end of the Transition Period. Businesses trading with Europe may still need to use both Tariffs to identify the correct code to use and the correct duty rate which should apply. The tariff code allows you to fill in declarations and other paperwork, check if there's duty or VAT to pay and any potential duty reliefs. It is important to note that if you use the wrong code it can be costly for your business. If you would like assistance on how to classify your goods get in touch with us using the contact details below.

3. Documents

If the UK leaves the EU on a No Deal basis, as is currently the case, UK businesses will be required to produce additional documents before they can import or export goods. Businesses will need to check what documentary requirements might apply for their products including licenses and health and safety declarations.

4. Moving Goods

Have you reviewed your supply chain? Will it still be efficient post Brexit or have you considered using different ports, airports or hubs?

If you're using Union and Common Transit, you'll need to prepare your goods and plan your route. You also need to check how to complete the different declarations you will need.

5. Customs Simplifications

Have you considered the use of Customs warehousing and/or simplifications such as inward processing relief or outward processing relief? Such arrangements can reduce cost, avoid double taxation and ameliorate cash flow issues.

6. Customs Delays

If working in time-sensitive sectors, consider how your supply chain may be impacted by delays at ports and airports (further considerations may include just-in-time practices, timed deliveries and potential penalties and short shelf-life goods). Remember that export changes apply from 1 January 2021.

7. Costs

Identify your EU clients (or suppliers) who are particularly cost-sensitive and might be disrupted by extra costs for import duties, customs clearance costs, higher freight costs, or currency fluctuations. Check your contractual position. Who will bear the cost of customs duties? Take time to analyse the likely impact of cash flow.

8. Product "Origin"

Check the "origin" for customs purposes of all products when exported to or imported from EU countries. Identify the UK/EU/non-EU content (including all components and raw materials) and whether your goods may qualify as being of UK or EU origin. This may change after 1 January 2021 as the UK will not be part of Europe.

9. Free Trade Agreements

Identify exports to countries which have Free Trade Agreements (FTAs) <https://bit.ly/3m3ptaT> with the EU. Are they dependent on duty preferences or other Free Trade Agreements (FTAs) provisions? Consider the implications, especially where main competition is with other EU businesses.

10. Purchases

Identify purchases from other countries which have Free Trade Agreements (FTAs) or Generalised System of Preferences (GSP) agreements <https://bit.ly/2R9oPuc> with the EU. How significant is this in the sourcing decision?

11. Supplier Declarations

Identify sales to EU clients who incorporate those goods into their products, for re-export to countries with Free Trade Agreements (FTAs). Check whether supplier declarations are provided.

12. Licensing Controls

Are your goods subject to export or import licensing controls? Find out at <https://bit.ly/333nRFC>

13. Authorised Economic Operator Status

Is your business an Authorised Economic Operator (AEO)? AEO is like a kitemark for international businesses. Contact us to discuss the relative merits of AEO Status.

14. Customs Agents

Are you comfortable with making customs declarations or do you want someone else to deal with customs on your behalf? However, remember even if you use a customs agent you are still liable if the wrong declarations are made.

15. VAT Registration

Do you hold stocks of goods in Europe? Do you currently make supplies of goods to individuals in European Member States? Do you need a VAT registration in an EU Member State? Have you built up a stock to allow for potential delays?

16. VAT Simplifications

VAT simplifications such as triangulation will no longer automatically be available to UK companies. Have you identified any complex supply chains which may be adversely affected by the loss of such simplifications. Do you need to register for VAT in the EU.

Employees

17. Staff Risk

How many of your staff are EU nationals? What is the level of risk if they leave and how might it impact on your business? Any risk areas identified around skills and language? Do they need to apply to the EU settlement scheme?

18. Employment Law

Identify and consider employees who are based permanently or temporarily in EU countries. What are the employment law implications for them and the business? Do they need a visa or work permit, and do they meet professional requirements for the country they are going to? Can your employees still enter or work in those countries?

IP & Personal Data

19. Intellectual Property Protection

Consider the impact of Brexit on intellectual property (IP) protection. Read Protecting your UK IP abroad guide <https://bit.ly/3mbSzoS> for hints and tips on managing this.

20. Personal Data

You may not be able to access personal data from the EU without the right arrangements in place. Whilst the UK will continue to comply with the General Data Protection Regulation (GDPR) during the transition period alongside the Data Protection 2018, there are plans for the UK to create its own set of data protection regulations in the future. It's also important to note that if you pass personal data to a US company or through the US where someone will have access to it that you need to have the appropriate protection in place as the US Privacy Shield is no longer considered adequate.

It's important that you communicate with your EU customers (and suppliers); align your priorities and reassure them of your continued commitment in the face of potential changes.

For help on preparing for Brexit.
Call us now on 0800 298 3899
www.dains.co.uk

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