GETTING YOUR BUSINESS BREXIT READY

THE ONE-STOP MONEY SHOP FOR YOUR BUSINESS

MOVEMENT OF GOODS

KEY AREAS	KEY ACTIONS
Customs	Customs declarations might need to be completed at the EU and UK sides. Can your business integrate with European and UK digital customs systems? The UK is implementing a new electronic customs declaration system, due to be launched in 2019. Even if the UK has a free-trade agreement with the EU, customs clearance may still be necessary, and rules of origin might apply – requiring proof that exported products originated in the UK. It's important to think now about the processes and systems that might need to be administered. Could you benefit from authorised economic operator (AEO) status? This international scheme allows trusted entities simplified customs procedures. But it is best to apply early, the application process is complex and might take up to a year.
Supply chains	Supply chain mapping is an essential early step in Brexit planning. Knowing where your inputs come from, and what product category they fall into can help you assess the possible tariffs that might apply. For those who export goods to the EU, for example, it may be best to plan initially on a worst case basis. This would be that the UK will leave the EU without any trade deal and all exports and imports to the remaining EU countries will now be subject to tariffs under the rules of the World Trade Organisation (WTO). But it is also important to remember that 57% of UK exports go to non-EU countries and might already be subject to tariffs or quotas depending on the arrangements the European customs union has with the destination country. Many exporters will therefore already be familiar with customs procedures, but extending them to all exports will clearly come at a cost. A more serious problem will be faced by those UK exporters who only export to the EU, for whom applying customs procedures will be entirely new. The transitional and ongoing costs for these businesses are likely to be considerable in the short-term. You can find the WTO and EU third-country rates online. Keep in mind that for major manufactured inputs you might need to consider where your supplies originate.

PRODUCT COMPLIANCE

KEY AREAS	KEY ACTIONS
Non tariff-barriers	Non-tariff barriers might be an even bigger barrier to trade than tariffs. These typically take the form of technical specifications with which a product has to comply. It might be possible for the UK to continue as a full member of the European standards system following Brexit, but it is not guaranteed. Businesses may wish to ensure that their databases of the standards that apply to them are up to date and accessible to staff planning for Brexit.

CONTRACTS

KEY AREAS	KEY ACTIONS
Contractual agreements	Contracts might need to be renegotiated or terminated as a result of Brexit. It is particularly important that they adequately clarify the terms for trade across EU borders, including how VAT is dealt with.
Immigration status and planning	While existing employees who are EU nationals can be expected to receive the necessary residency status, it is important to plan for cut-off dates and any differential status that might apply to new arrivals to the UK. Businesses might need to upgrade their IT systems to be able to track the nationality status of employees. Doing so may not only help with compliance, it could also help to assess the extent to which the business has historically been reliant on EU workers.
VAT and duties	More complex port procedures could mean businesses need to be prepared to carry out more inventory, tying up additional working capital. VAT (and any tariffs) might be payable at port on EU imports. Entities that qualify for HMRC's duty deferment scheme can make monthly payments. VAT and import duties reducing financial guaranteesand notice 101: deferring duty, VAT and other charges. It is possible that HMRC reintroduce postponed accounting for duty and VAT, perhaps along the lines that it operated in the 1970s and early 1980s, but there is no indication of.