

Brexit countdown: Some things to think of



From 1 January 2021 the UK will no longer be an EU member state. This will take some getting used to and will require a different way of working for some businesses.

Obviously, there are still some details to be ironed out as to what sort of deal we have with the EU, but there are some things we already know which can help businesses prepare.

The latest information to help businesses get ready is at the Government's Transition website – gov.uk/transition

Also, through our membership of AGN International (a global association of separate and independent accounting and advisory businesses), we are able to arrange the various EU registrations, establishment of EU subsidiary offices an appointing fiscal representatives on our clients' behalf.

Movements of goods between the UK and EU

At the moment goods can move freely with minimal paperwork. From 1/1/21 they will become imports and exports and will need to be formally declared to Customs. The Government has published two guides with simple flowcharts to help businesses prepare for the new import and export regulations. You can find them here

[How to export goods from the UK into the EU from January 2021](#)

[How to import goods from the EU to the UK from January 2021](#)

With all that has been going on already in 2020, Brexit has not been at the forefront of most people's minds. Recent Government announcements indicate that the timetable is not, however, going to change.

There's very little time for businesses to prepare, particularly as the deal's detail is still being finalised. Here we summarise what steps you can take now.

In anticipation of challenges at the UK's borders, the Government has also published a [Border Operating Model](#). It gives guidance to businesses about the anticipated procedures for specific goods. It also maps out the new border controls that will be rolled out in three stages up to 1 July 2021.

There's obviously a lot to consider. Here we cover a handful of things it's important to consider straight away. Do also speak with your Shipleys' contact for more detail.

- 1. Make sure the business has an EORI number.** EORI stands for Economic Operator Registration and Identification and from 1 January 2021 you'll need an EORI number to move goods between the UK and the EU. You can apply via the Government's website www.gov.uk/eori but bear in mind it can take a week to get one.
- 2. Find out if there will be any licensing requirements** for the services and products you plan to import/export. The Government is updating its general guidance here www.gov.uk/topic/business-tax/import-export however we can help answer specific business and industry sector queries. Be mindful you're likely to need Certificate of Origin documents.
- 3. Check out the tariffs and commodity codes for the goods you buy and sell** – this will be particularly important if we end up with no deal. You can check your tariffs using the tool at gov.uk/check-tariffs-1-january-2021 and commodity codes at gov.uk/guidance/finding-commodity-codes-for-imports-or-exports

4. Arrange to have a company VAT registration somewhere in the EU – both the Netherlands and Ireland are proving popular choices here.

5. Arrange to appoint a fiscal representative in an EU state – this is a local entity that represents foreign traders for VAT purposes. Even if a business is able to register for VAT in its own name it will need a fiscal representative in an EU state. Some countries operate two versions of the fiscal rep:

- If the business is only going to be doing one or two transactions, it makes sense to use a fiscal representative who can account for VAT on your transactions via their VAT number (rather than having to set up a local VAT registration).
- If the business will have an ongoing need to deal with VAT in a particular country, it makes sense for the business to set up a local VAT registration but a fiscal rep may still be needed. This is because the local tax authorities may have imposed a requirement for a fiscal representative – a mechanism for ensuring that the local VAT is actually paid.

One good piece of news is that import VAT will no longer be payable at the time of importation – it will be accounted for via the VAT return. See [here](#) for more information.



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continued

6. **Train up relevant staff** so they at least know some of the basics of what Brexit means to your accounting and trading systems. To help, we are running training courses for teams on how to handle import and export VAT in their systems.

businesses will not be able to continue to transfer data to the UK without putting in place additional safeguards.

There may also be a need to have a representative in the EU. The Information Commissioner's Office (ICO) has a number of resources to help businesses prepare. See ico.org.uk/for-organisations/data-protection-at-the-end-of-the-transition-period/



Other considerations

Sales of goods to EU consumers

UK business looking to sell goods to EU consumers will need to have a VAT registration somewhere in the EU. This is because they will no longer have access to the distance selling regime.

Businesses have 2 options here – either they can VAT register in every country where they have customers, or they can set up a presence in the EU to benefit from the distance selling regime. We can help arrange either of these options on a client's behalf.

Services supplied to/received from EU businesses

We expect the VAT rules relating to services to remain unchanged, but there is likely to be some confusion in the early days of 2021.

Services supplied to EU consumers

When it comes to services sold to EU consumers, UK businesses will need an EU VAT registration to facilitate the accounting for VAT. See our earlier point about Ireland and the Netherlands currently proving popular choices.

Data Protection and GDPR

From 1 January 2021, the UK will not be within the EEA which means that EU

<input checked="" type="checkbox"/>	A checklist to get you started
<input type="checkbox"/>	Check out the Government's Transition website and points relating to your sector and operations gov.uk/transition . Also familiarise yourself with the latest guidance for exporting goods from the UK to EU and importing goods
<input type="checkbox"/>	Obtain your EORI number
<input type="checkbox"/>	Find out if there will be any licensing requirements for your operations, goods/services
<input type="checkbox"/>	Check out the tariffs and commodity codes for the goods you buy and sell
<input type="checkbox"/>	Set up company VAT registration(s) somewhere in the EU – you may wish to register more than once depending on your business
<input type="checkbox"/>	Appoint a fiscal representative in an EU state
<input type="checkbox"/>	Train up relevant staff
<input type="checkbox"/>	Review the Data Protection/GDPR arrangements you will need to put in place for 1 January 2021

Can we help?

We are currently helping businesses prepare for Brexit and set in place all the necessary measures.

In doing so, we are able to draw on the strength of our membership of AGN International (a global association of separate and independent accounting and advisory businesses). This is enabling us to arrange the various EU registrations, establishments of EU subsidiary offices and appointing fiscal representatives on our clients' behalf.

