



## No Deal Brexit Planning

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Despite recent legislation preventing the UK from leaving the EU without a deal, it remains sensible to consider the implications of a 'no-deal' Brexit on your business. The aim of this guide is to highlight the potential issues that you may face so that you can work on strategies to mitigate the risks.

## General Information

The government has produced a wealth of information relating to the implications of Brexit for businesses. A good place to start is to complete the online questionnaire that may help you focus on the issues that your business may face. You can find it [here](#).

## Movement of Goods

HMRC has issued instructions to businesses that trade between the UK and the EU-27, or with the rest of the world, to prepare for a no-deal Brexit. HMRC estimates that there are 240,000 UK businesses that trade only with the EU; they would all need to comply with customs formalities in the event of a no deal.

The government says that importing / exporting businesses need to take these actions:

- Check they have an Economic Operator Registration and Identification (EORI) number. They will need this to complete export or import documentation. HMRC sent EORI numbers to all VAT registered businesses in August 2019. If you don't have one, you can register [here](#). UK businesses that already have an EORI number from another EU member state (one that does not start GB) can continue using it for now.
- Decide if they want to hire an agent to make import and/or export declarations, or make them themselves by, for example, buying software that interacts with HMRC's systems. Contact the

organisation that moves their goods to see if they will need to provide any additional information to them.

- Importers to the UK may be able to use ['transitional simplified procedures'](#). They enable customs paperwork to be completed and VAT and duties settled away from the port. But importers will need to register. They may also be able to use other [customs procedures that make importing easier](#).
- Get ready to comply with any instructions that may be issued by EU-member states that they export into.

## VAT

HMRC has published [VAT guidance for a "no deal" Brexit scenario](#).

It's worth stating that the UK will continue to have a VAT system after it leaves the EU and VAT rules relating to UK domestic transactions will continue to apply to businesses as they do now.

If the UK leaves the EU without a deal, the government aims to keep VAT procedures as close as possible to the current system. There will however be unavoidable compliance changes which the government is aiming to mitigate as far as possible.

The guidance covers the following areas in detail:

- UK Businesses Importing Goods from the EU
- VAT on goods entering the UK as parcels sent by overseas businesses
- UK businesses exporting goods to EU consumers
- VAT on goods entering the UK as parcels sent by overseas businesses



- UK businesses exporting goods to EU consumers
- UK businesses exporting goods to EU businesses
- UK businesses selling their own goods in an EU Member State to customers in that country
- Place of supply rules for UK businesses supplying services into the EU
- UK VAT Mini One Stop Shop (VAT MOSS)
- EU VAT refund system
- EU VAT Registration Number Validation accessed via the EU Commission's website.

your business. In the event of a 'no deal', the transitional and ongoing costs for these businesses could be considerable in the short-term.

The UK government has issued [country-by-country advice for exporters](#). You can also find the WTO and EU third-country rates online.

For imports to the UK, the government has announced the [temporary rates of customs duties \(tariffs\)](#) it would apply in the event of a 'no deal' Brexit.

Keep in mind that for major manufactured inputs you might need to consider where supplies originate.



## Supply Chains

It is very important that you know where your inputs come from, and what product category they fall into. Understanding this will help assess any possible tariffs that might apply.

If you export goods from the UK to the EU, you should consider the implications of the UK leaving without a trade deal as all exports and imports to the remaining EU countries will be subject to tariffs under the rules of the World Trade Organisation (WTO).

If you do not export to countries outside the EU, this could be an entirely new process for

## Products

In the event of a 'no deal' Brexit, one area that could be overlooked is your products. The potential issues here relate to standards, certification and labelling requirements that apply to your products.

Non-tariff or "technical" barriers can be an even bigger barrier to trade than tariffs. Your business may have to comply with rules that might affect packaging or labelling. UK standards and regulations will be aligned with the EU at the point of exiting the EU, but it is possible that if there is 'no deal', UK assessment and certification arrangements may cease to be recognised in the EU. The



issues differ from sector to sector and you should familiarise yourself with the relevant [government guidance](#).

The British Standards Institute (BSI) is a member of the European single standards system and has announced that it will remain a member of the European standards bodies CEN and CENELEC after Brexit. BSI has also published guidance regarding the continuity of their [certification arrangements](#).

## Contracts

In preparation for Brexit, it would be worthwhile for businesses to check contracts to see if they might need to be renegotiated or terminated as a result of Brexit. In the event of a 'no deal' Brexit, businesses will need to ensure that contracts and International Terms and Conditions of Service reflect that you are now an international exporter or importer; further [guidance from the government on international trade paperwork](#) is available.

## Staff

We know that existing UK employees who are EU nationals will need to apply for [settled status](#). It is important to be aware of any cut-off dates and any differential status that might apply to new arrivals to the UK.

## Working Capital Management

Government documents released in the last week show that there may be significant turmoil at points of entry with delays expected.

It will be worth considering how your business would finance a potential increase in working capital. Issues at ports could mean that businesses need to be prepared to carry more inventory, tying up additional working capital. It is also worth considering that currency markets could be extremely volatile in the event of a 'no deal'. Putting plans in place now could help your business cope with issues that could place a significant strain on your working capital.





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