

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

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 – a 5 point checklist

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. There are a few things to do or consider doing in advance:

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 <https://www.gov.uk/eori> but bear in mind it can take a week to get one.

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.

2. **Arrange to have a company VAT registration somewhere in the EU** – both the Netherlands and Ireland are proving popular choices here.
5. **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.

3. **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.

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.

Continued overleaf

4. **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 <https://www.gov.uk/topic/business-tax/import-export> however we can help answer specific business and industry sector queries.

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.



Briefing

Brexit countdown: Some things to think of

continued

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 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 <https://ico.org.uk/for-organisations/data-protection-at-the-end-of-the-transition-period/>



Summary – Your Brexit preparation initial checklist

<input checked="" type="checkbox"/>	Activity
<input type="checkbox"/>	Obtain EORI number
<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"/>	Find out if there will be any licensing requirements for your operations, goods/services
<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
Other initial considerations given the specific nature of your business and markets...	
<input type="checkbox"/>	

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.

Page 2

www.shipleys.com

 @Shipleys_LL

 Shipleys LLP

For more help and information contact your Shipleys contact or our VAT specialists:



Nancy Cruickshanks
Cruickshanksn@Shipleys.com
44 (0)20 7312 0000



Gemma McRae
Mcraeg@Shipleys.com
44 (0)20 7312 0000



Shipleys is a member of AGN International, a global association of separate and independent accounting and advisory businesses.

Specific advice should be obtained before taking action, or refraining from taking action, on any of the points covered in this briefing.

Registered to carry on audit work in the UK, and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.
© ShipleysLLP 2020 September 2020