



Preparing for Brexit

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Brexit may not have been quite so uppermost in people's minds of late, but the UK's transition period is almost over. There's little time left to prepare for what comes next and many of the details aren't yet finalised, but here are some of the key actions you should be taking.

From 1 January 2021 the transition period that has been in place since the UK left the EU will end. This will have a big impact on some businesses.

While details of any trade deal with the EU are yet to be agreed at the time of writing, at Shipleys we've been helping businesses deal with the main challenges.

Who businesses can employ

If you employ overseas nationals you will need to prepare your business for the implementation of the new points-based immigration system, which will introduce new job, salary and language requirements.

If you want to hire anyone from outside the UK, including from the EU, you must be a Home Office-licensed sponsor. (The new system does not apply to Irish citizens.) If you already have employees who are EU citizens, they and their family members need to apply to the EU Settlement Scheme to continue to live and work in the UK. It's free to apply and the deadline for doing so is 30 June 2021.

Applicants who've lived in the UK for a continuous five-year period will usually be given settled status, which means they can stay in the UK as long as they like and can apply for British citizenship if eligible. Those who started living in the UK by 31 December 2020, but do not have five years' continuous residence, can also stay in the UK under pre-settled status. Application to

change this to settled status will then be possible after five years' continuous residence.

Any employees affected by the new system should make their applications as soon as possible, as Covid-19 restrictions have caused processing delays. Businesses should also review contracts to make sure they are conditional on having the right to work in the UK.

You can apply to become a Home Office-licensed sponsor at <https://tinyurl.com/ojc6zhs>. More information on the Settlement Scheme is at <https://tinyurl.com/y7vko4sf>.

Customs arrangements

In the absence of a trade deal being agreed, from 1 January 2021, goods moving between the EU and UK will become imports and exports and will need to be formally declared to customs agencies.

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

- Ensure you have an Economic Operator Registration and Identification (EORI) number. Businesses may need both a UK EORI and an EU EORI, depending on their circumstances.

Apply at <https://tinyurl.com/y3wj9zhf>

- Arrange to have a company VAT registration in the EU. Ireland and the Netherlands are currently proving popular choices. This is not necessary for every business, so take advice.

- Appoint a fiscal representative in an EU state. This is a requirement of some EU member state tax authorities, but is only needed if the business needs a VAT registration in that territory, or else a substitute for a VAT registration. Businesses involved in just a few transactions can account for VAT using their representative's VAT number, rather than setting up VAT registration in the EU. Again, take advice to confirm this is relevant to your business.

- Find out if you'll need a licence or certificate for the goods or services you plan to import or export. More at <https://tinyurl.com/yxhfezg8>

- Ensure your staff are trained so they know the basics on new accounting and trading systems.

- Understand your obligations regarding customs declarations. Most businesses will just need an overview of customs procedures and after that rely on their import agent (see next point).

- Do as many businesses already do and hire a person or business as an import/export agent (freight forwarders often supply this service) to deal with customs for you. More at <https://tinyurl.com/y2jwoob8>

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Other issues to consider

Export standards

At the end of the Brexit transitional period, UK businesses will need to get products they hope to export to the EU assessed and marked by an EU-recognised conformity assessment. There's more information on the gov.uk website at <https://tinyurl.com/yxb5obmf>

Authorised Economic Operator status

Businesses might also consider applying for Authorised Economic Operator (AEO) status, which is an internationally recognised quality mark that shows your business's role in the international supply chain is secure and has customs control procedures that meet UK and EU standards. Bear in mind that the application process is rigorous and can take several months to complete. More about AEO status, which will be valid from 1 January 2021, on the gov.uk website at <https://tinyurl.com/y5fhdnd2>

Contracts

Contracts are vital in establishing responsibility around issues like delays in delivery of goods and costs such as transport and dealing with customs processes incurred. If your business is exporting goods to the EU, it will be useful to know about International Commercial Terms (often shortened to Incoterms). A series of pre-defined commercial terms published by the International Chamber of Commerce, these are often used in international commercial transactions and supported by trade councils, courts and international lawyers.

Country of origin certificates

For businesses importing goods, it's important to understand the requirement for a country-of-origin certificate for those goods, commodity codes and licences, if needed. Importing also requires

that an entity or individual is clearly recognised as the Importer of Record – ensuring goods are correctly valued, any tariffs are paid and proper documentation filed. This isn't necessarily the end consumer or purchaser and could be a customs agent or intermediary. There are complex rules relating to Northern Ireland. Further advice is available from Shipleys.

Data protection

GDPR is an EU law and, in principle, will no longer apply to the UK from the end of the transition period. However, if you operate inside the UK, you will need to comply with UK data protection law. The UK government has said that it intends to incorporate GDPR into UK data protection law from the end of the transition period – so in practice there will be little change to the core data protection principles, rights and obligations found in GDPR. However, it's still unclear what businesses will have to do with data coming out of the EU. Updates can be found at the Information Commissioner's Office website at <https://tinyurl.com/y3lpxmcl> and on the gov.uk website at <https://tinyurl.com/y5c73zcv>

Intellectual property

Finally, on 1 January 2021, the UK Intellectual Property Office (IPO) will create a comparable UK trademark for all right holders with an existing EU trademark (EUTM). Existing EUTMs will still protect trademarks in EU member states and UK businesses can still apply to the EU IPO for an EUTM. Go to the gov.uk website at: <https://tinyurl.com/qpsrsog>



We have been helping many businesses prepare for 1 January 2021. Drawing on our membership of AGN International – a global association of separate and independent accounting and advisory businesses – we are arranging, for example, various EU registrations, the establishment of EU subsidiary offices and appointing fiscal representatives on our clients' behalf.

For further information, go to: <https://tinyurl.com/y64qdm7>