



# TRADING WITH EUROPE IN A POST BREXIT WORLD

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- Background and state of play
- People
- Trading risks and opportunities
- Goods: Customs and border controls
- Services
- VAT
- Contracts & GDPR
- Travel
- Get ahead!
- Et après....le comité



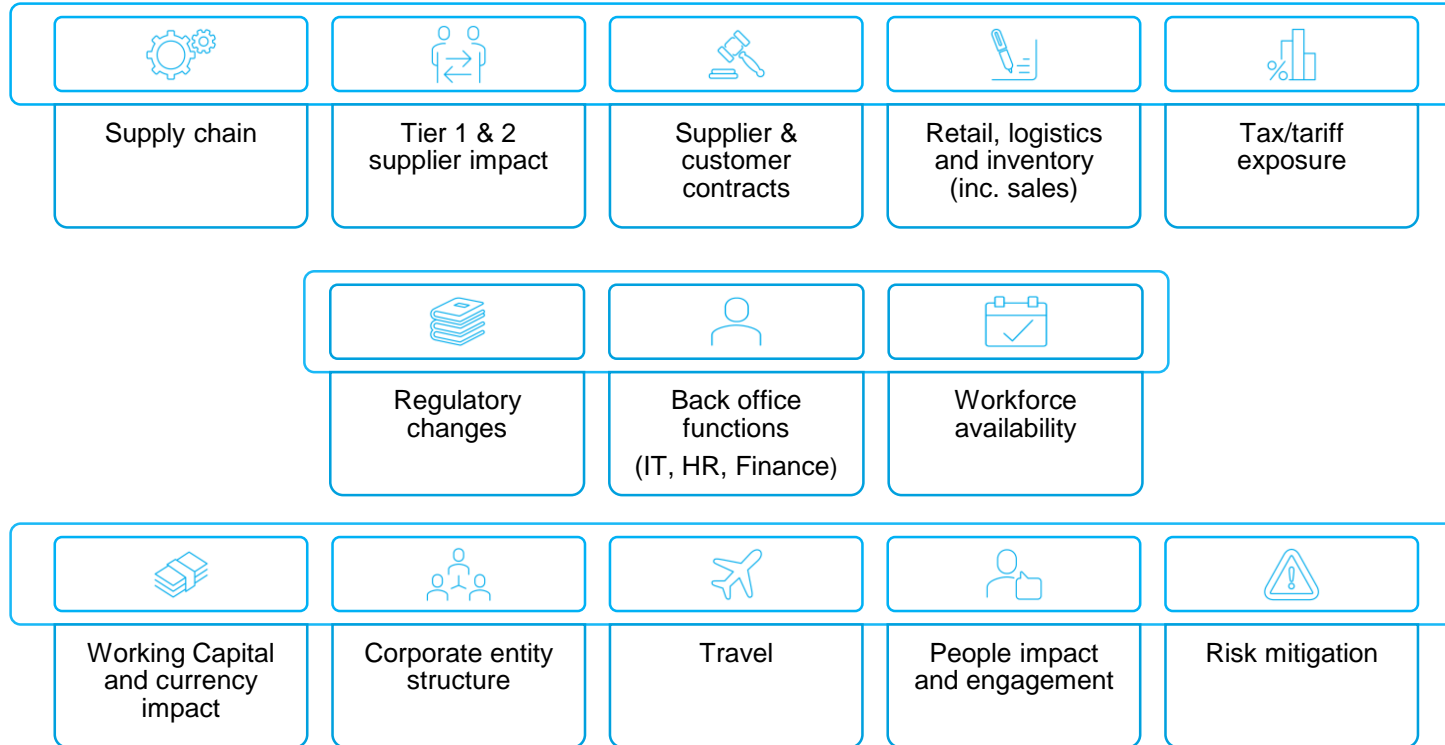


Sir Tim Barrow, Britain's Permanent Representative to the EU, hands the Article 50 letter to Donald Tusk, President of the European Council....



....and the fun began!

# HOW WILL BREXIT AFFECT BUSINESS?



# WHO WILL FEEL THE IMPACT?



- Those rooted (in the UK)
- Those mobile (such as tech businesses)
- Those interconnected (multi-national companies)



1.	Who can I employ?	People
2.	Can my goods get across borders?	Customs
3.	What standards must my products meet?	Contracts & Regulations
4.	What extra charges will I face?	Tariffs & Duties



## EU CITIZENS & THEIR FAMILIES

- By 31 December 2020 – 5 years living in UK?
  - then free to live in UK and can apply for Permanent residence/ British citizenship.
- By 31 December 2020 < 5 years living in UK?
  - can stay until 5 years are up, then apply for settled status.
- Family members in UK pre 31 December 2020?
  - can apply after 5 years.

# EU SETTLEMENT SCHEME



Applies to EEA citizens and family members, who entered the UK by 31 December 2020.

Must apply for either ‘settled’ status or ‘pre-settled’ status – ***by 30 June 2021.***



# POINTS BASED IMMIGRATION SYSTEM (PBS)



- From 1 January 2021, free movement ends.
- Recruiting from outside the UK's resident labour market?
  - Need to be a Home Office licensed sponsor.
  - Job offer must be at the required skill level.
  - Candidate must speak English to the required standard.
- Now an expanded Tier 2 (General)
  - Skill level for Tier 2 reduced – now open to all jobs at RQF3 and above (broadly A Level, secretarial & above roles).
  - Review of the Shortage Occupation List;
  - Minimum salary threshold £20,480 / £25,600 per annum.
  - Tier 2 (ICT) – Temporary: Maximum stay 5 years or 9 years if salary > £120k pa. Skills thresholds to remain at RQF6. Does not lead to permanent UK residency.



- Audit workforce
- Encourage employees to apply early on (it's free!);  
[www.gov.uk/settled-status-eu-citizens-families](https://www.gov.uk/settled-status-eu-citizens-families)
- Check that all affected employees have obtained settled/pre-settled status by 30 June 2021;
- Diarise expiry dates for pre-settled status;



- Ensure Contracts of Employment refer to conditionality on having right to work;
- Diarise regular right-to-work checks;
- Consider talent pipeline
  - what will be your skills and labour needs over the next few years?
- Be a licensed sponsor?



## HARD BORDER BETWEEN UK AND EU27??

- Tariff barriers – new tariffs and customs duties payable??
  - New compliance paperwork – regardless of Deal/No Deal
  - Administrative requirements
- Delays at borders – affecting supply chain.
- Restrictions on number of UK lorries allowed enter EU27?





# Lorries will need permit to enter Kent as fears grow of port chaos

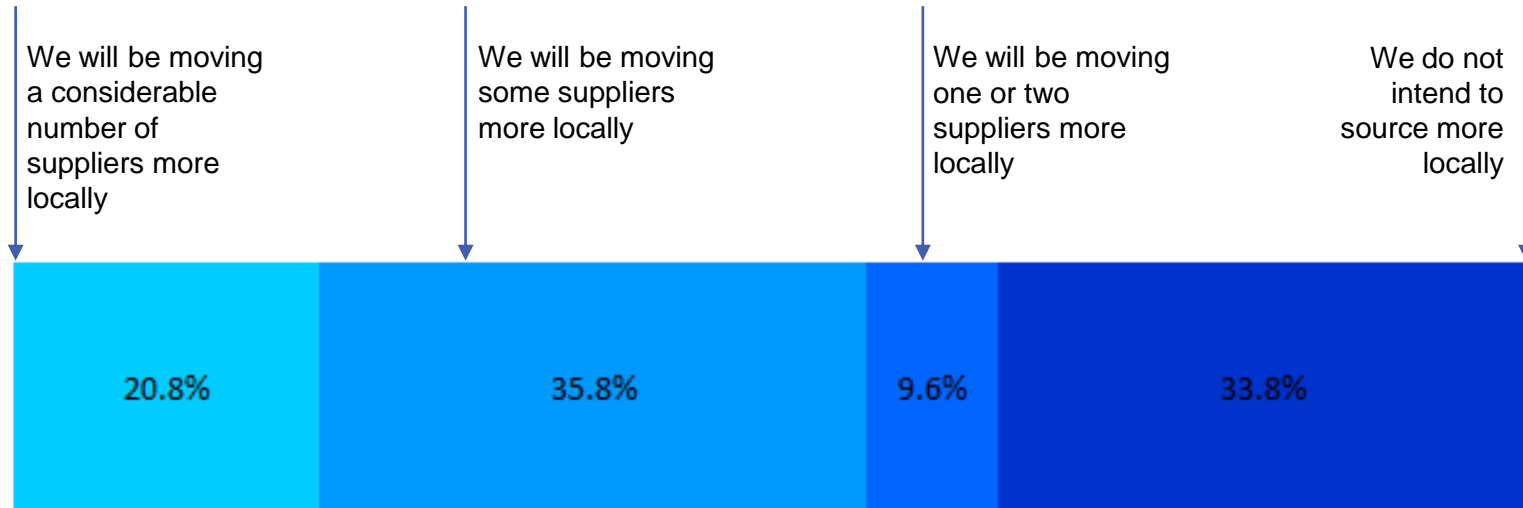


- UK Border Operating Model published (206 pages).
- New Goods Vehicle Movement Service (GVMS) / Smart Freight Systems
- New Border Inspection posts

# RESHORING/NEARSHORING APPETITE



## HOW GLOBAL SUPPLY CHAIN PROFESSIONALS ARE PLANNING TO SOURCE SUPPLIERS POST PANDEMIC



Source: Raconteur.net



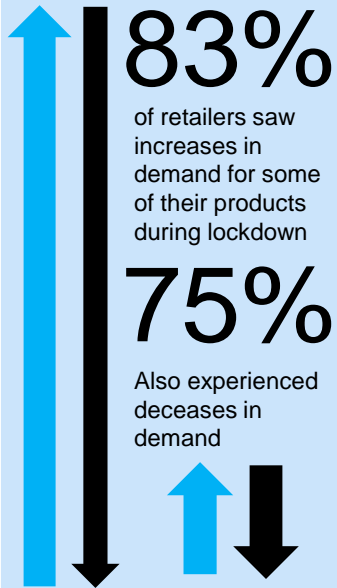
- Rising prices;
- Passing on costs to consumers;
- Loss of competitiveness – EU demand for UK exports?
- Opportunities



# COVID-19 - EFFECTS



## UPS AND DOWNS



## LIMITED STOCK



**63%**

experience stock shortages as a result of COVID-19

## TIME FOR CHANGE



**4in5**

are changing their approach to stock management following COVID-19

## STAY SMART



**33%**

rank smart, connected technologies as the most important thing for strengthening supply chain resilience

## BOUNCING BACK



**69%**

are now likely to invest more capital in stock management technology

## ALWAYS AVAILABLE



**57%**

are prioritising investment to optimise stock availability

## BALANCING ACT



**33%**

say that managing stock flow to avoid piling and shortages is their biggest challenge

Source: Raconteur.net



- EORI number = Economic Operator Regulation & Identification number.
  - <https://online.hmrc.gov.uk/shortforms/form/EORIVAT>
- HMRC auto-enrolled businesses in late 2019.
  - Ensure you have it to hand!



If a Free Trade Agreement is not in place, trade will operate under UK Global Tariffs (UKGT) on **imported** goods:

[www.gov.uk/government/news/uk-global-tariff-backs-uk-businesses-and-consumers](https://www.gov.uk/government/news/uk-global-tariff-backs-uk-businesses-and-consumers)





Search using:

- Commodity code.
  - Product description.
  - Combination of these.
- 
- [www.check-future-uk-trade-tariffs.service.gov.uk](http://www.check-future-uk-trade-tariffs.service.gov.uk)



10/8/2020

The UK Global Tariff

 The UK Global Tariff

## Search for your goods

You can search using:

- A commodity code
- The product description
- A combination of these

In most cases, rates in the UKGT have been set at the 8 digit commodity code level. If you have a 10 digit commodity code, use the first 8 digits to search for your product.

This tool illustrates the UKGT's applied rates only. It does not cover other import duties or measures, including anti-dumping, countervailing or safeguards duties, or any other form of restrictions on imports.



Show  commodities

If you need help finding your commodity code you can use the [trade tariff tool \(https://www.gov.uk/guidance/using-the-trade-tariff-tool-to-find-a-commodity-code\)](https://www.gov.uk/guidance/using-the-trade-tariff-tool-to-find-a-commodity-code).

Commodity	Description	Common External Tariff	UK Global Tariff	Change
0406 10 50	Fresh cheese "unripened or uncurd cheese", incl. whey cheese and curd of a fat content, by weight, of <= 40% (excl. Mozzarella)	185.20 EUR / 100 kg	154.00 GBP/100kg	Currency conversion

<https://www.check-future-uk-trade-tariffs.service.gov.uk/tariff?q=cheese&n=10&p=1>

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# Cheese?



10/6/2020

The UK Global Tariff

Commodity	Description	Common External Tariff	UK Global Tariff	Change
0406 10 80	Fresh cheese "unripened or uncured cheese", incl. whey cheese and curd of a fat content, by weight, of > 40%	221.20 EUR / 100 kg	185.00 GBP/100kg	Currency conversion
0406 20 00	Grated or powdered cheese, of all kinds	188.20 EUR / 100 kg	157.00 GBP/100kg	Currency conversion
0406 30 10	Processed cheese, not grated or powdered, in the manufacture of which no cheeses other than Emmentaler, Gruyère and Appenzell have been used and which may contain, as an addition, Glarus herb cheese "known as Schabziger"; put up for retail sale, of a fat content by weight in the dry matter of <= 56%	144.90 EUR / 100 kg	121.00 GBP/100kg	Currency conversion
0406 30 31	Processed cheese, not grated or powdered, of a fat content, by weight, of <= 36% and of a fat content, by weight, in the dry matter of <= 48% (excl. processed cheese mixtures made from Emmentaler, Gruyère and Appenzell, with or without the addition of Glarus herb cheese known as Schabziger, put up for retail sale)	139.10 EUR / 100 kg	116.00 GBP/100kg	Currency conversion

<https://www.check-future-uk-trade-tariffs.service.gov.uk/tariff?q=cheese&n=10&p=1>

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# APPLY FOR A BINDING TARIFF INFORMATION (BTI) DECISION



- BTI – written tariff classification;
- Alerts you to any licence/quota requirements;
- Not a legal requirement;
- Valid for 3 years;
- Helps calculate customs duties, etc in advance;
- [www.gov.uk/guidance/apply-for-a-binding-tariff-information-decision-notice-600](http://www.gov.uk/guidance/apply-for-a-binding-tariff-information-decision-notice-600)

# AUTHORISED ECONOMIC OPERATOR (AEO) STATUS

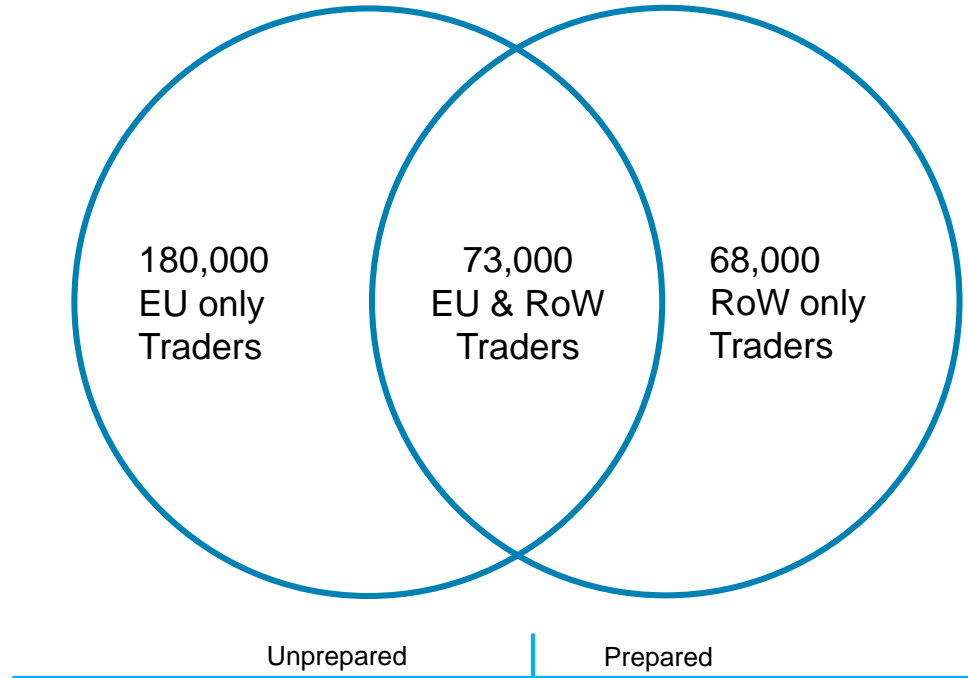


- Regardless of size.
- Manufacturers, importers, exporters, freight forwarders, others.

[www.gov.uk/guidance/authorized-economic-operator-certification](https://www.gov.uk/guidance/authorized-economic-operator-certification)

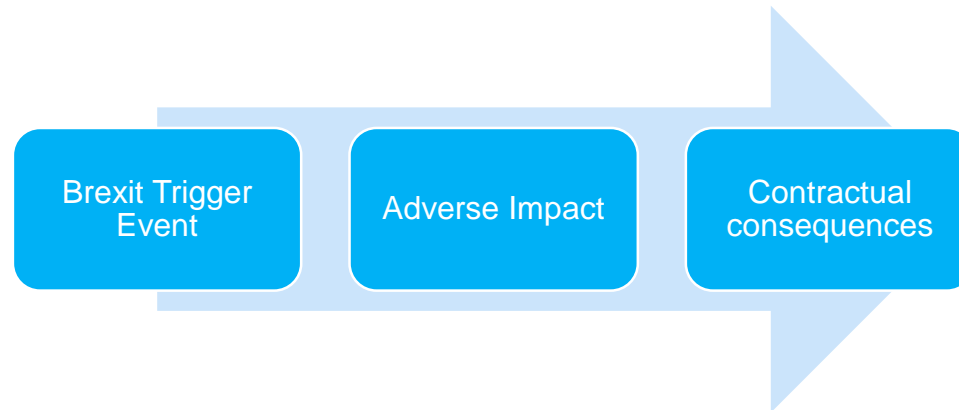


# UK BORDER CONTROLS AND CUSTOMS PAPERWORK





- Seller should use one of the Incoterms 2010 rules (from the 11 suggested) in ALL international contracts.
- REVIEW!





## BASIC DOCUMENT REQUIREMENTS

Country of Origin & origin certificate if applicable

Commodity Codes

(Commercial) Invoice showing net weight & packages

Special Licences if required

Parties (Buyer/Seller) & EORI nrs

Incoterms (Terms of Sale)



- The person/entity responsible for ensuring that:
  - Goods are correctly valued.
  - Relevant taxes/duties are paid.
  - All documentation is filed.

Who can act?

- Owner of the goods at time of import.
- Agent, broker in destination country.

Very important – clarify which party will become the Importer of Record.



- Full UK Border Controls from 1 January 2021.
- But can opt for 6 months ‘staged introduction’ to full Customs controls for imports from EU27.
- No 6 month delay for ‘Controlled’, ‘Excise’ Goods or for Exports to EU27.



- Complicated.
- They require specialist knowledge.
- They need special software linked to HMRC and Port inventory systems.
- It is a fiscal document that may result in a demand for payment of VAT and customs duty.
- It's important to get them right, to avoid overpaying tax and duty, and to keep accurate records.



[www.customsintermediarygrant.co.uk](http://www.customsintermediarygrant.co.uk)

For Customs brokers, freight forwarders, traders who do their own declarations:

- Grant towards salary costs of new/redeployed staff (£12,000pp).
- £3,000 towards recruitment costs.
- Grant for IT (customs related).
- Closes 30.06.2021.

# SERVICE FIRMS COULD FACE SIGNIFICANT NEW RESTRICTIONS WHEN TRADING WITH THE EU



Mode	Example	Possible changes for UK providers outside of the single market	Example
<b>Mode 1:</b> <b>Cross-border supply</b>	Services supplied cross-border without a supplier or purchaser physically moving, e.g. <b>A UK customer uses a call centre in France</b>	<ul style="list-style-type: none"> <li>• A requirement for foreign service providers to establish a commercial presence.</li> <li>• Regulations on consumer protection that unduly restrict trade.</li> </ul>	Requiring a UK bank to open a branch in the EU to sell banking services into the single market after Brexit.
<b>Mode 2:</b> <b>Consumption abroad</b>	Services consumed by a resident in another country, e.g. <b>A Spanish nurse training in the UK</b>	<ul style="list-style-type: none"> <li>• Travel restrictions to the country where the service supplier is based.</li> <li>• Regulations relating to the domestic recognition of overseas degrees and training.</li> </ul>	Limiting the recognition in the EU of qualifications earned within the UK.
<b>Mode 3:</b> <b>Commercial presence</b>	Service is provided by a foreign company opening a branch office, e.g. <b>An Italian bank opens branches in the UK</b>	<ul style="list-style-type: none"> <li>• Restrictions on the establishment of new service provisions through policies such as minimum capital requirements, limits on the share of foreign capital, prohibition of foreign direct investment (FDI) in particular sectors.</li> <li>• Restrictions on the operation of overseas service providers, e.g. through the requirement of permits and licences.</li> </ul>	Requiring overseas providers of services to obtain different or additional licences as compared to domestic competition.
<b>Mode 4:</b> <b>Movement of natural persons</b>	Service is provided by an individual who travels to the country of purchase, e.g. <b>A UK lawyer travels to Belgium to provide legal advice</b>	<ul style="list-style-type: none"> <li>• Visa requirements.</li> <li>• Quotas on the inflow of temporary workers.</li> <li>• Limitation of the maximum period of stay.</li> </ul>	Requiring additional paperwork clearances before a service provider can service an EU based client.

Source: UK in a Changing Europe analysis, adapted from Developing Trade Consultants, 'EU Exit and Impacts on Northern Ireland's Service Trade', adapted from Shepherd et al 2019





## Relative liberalisation of services supply by mode under single market and FTA provisions

	Cross-border supply of service (Mode 1)		Commercial presence (Mode 3)		Temporary movement of natural persons (Mode 4)	
	Single Market	FTA	Single Market	FTA	Single Market	FTA
Banking and other financial services (excluding insurance)	Green	Red	Green	Amber	Green	Red
Insurance services	Green	Red	Green	Amber	Green	Red
Legal services	Green	Red	Green	Amber	Green	Red
Accounting and book-keeping services (excluding auditing)	Green	Amber	Green	Green	Green	Red

*Red: constrained*

*Amber: notable constraints*

*Green: few constraints*



- UK becomes a ‘3<sup>rd</sup> country’ for the purposes of EU VAT;
- All B2B sales of goods from the UK to EU27 will become exports, in practice little change in the UK.
- Goods arriving in the UK from EU27 will become imports, so UK import VAT due for the first time in 20 years, but postponed accounting will mean little impact for most, and an upside for current importers of goods from outside the EU
- Foreign registrations? Required to upgrade to fiscal representation agents in 19 of the EU27.



- Goods arriving in the EU27 from UK will become imports, so local import VAT due for the first time in 20 years. Local deferral rules but in most of the 27 no postponed accounting, so cash flow cost .
- UK companies needing EU VAT registrations required to upgrade to fiscal representation agents in 19 of the EU27.
- B2C exports from the UK, the end of distance selling registrations?



- B2B services probably limited impact, for most suppliers and customers.
- Land related services still an issue, event admissions etc.
- B2C services, especially electronically supplied services will see the biggest changes, UK businesses currently using MOSS in the UK will need to move to the equivalent “non Union” system and register in one of the 27.



## Changes?

### Disputes

- How to resolve?
- Specify a governing law
  - UK/EU?
- **GDPR unaffected, but**
  - Personal data transfer EU27/UK illegal if No Deal. Put Standard Contractual Clauses (SCCs) in place.
  - [www.ico.org.uk](http://www.ico.org.uk) for further details. May need representative in EU27.
- **Websites (.eu)**



- > 6 months on your passport.
- Travel insurance covering pre-existing medical conditions.
- Driving documents needed: IDP, GB sticker, insurance green card.
- Late 2022? - apply for European Travel Information and Authorisation System (ETIAS) Visa Waiver.





- Map and audit supply chains.
- Consider stockpiling?
- Know the commodity codes and tariffs for your goods.
- Have Certification of Origin documents.
- Apply to use Customs Freight Simplified Procedures (CFSP).
- Apply for AEO status.
- Have resource available for extra customs admin/outsource (ensure accuracy/completeness to avoid delays at ports).
- Know the rules for the borders you will trade across.
- Know who is responsible for paying the duties (update/review Incoterms/contracts).



- Watch your IP (patents, trademarks etc) – will they still be protected in EU27?
- Ensure adequate cashflow for VAT/tariffs/stock (budgets/forecasts needed).
- Make cross-border cash payments before 31 December.
- Consider use of Customs Warehouses.
- Apply for a VAT/Duty deferment account.







## British Chamber of Commerce Guidance Dashboard - September 2020

People, Funding, Tax, Regulation and Contract Fulfilment, Digital,  
Trade, Borders.

[www.admin.britishchambers.org.uk/admin/media-manager/get/END%20of%%20Transition](http://www.admin.britishchambers.org.uk/admin/media-manager/get/END%20of%%20Transition)

## WHAT IS IT?

A series of exploratory questions relating to key Brexit risks (and opportunities) to a business:

- Legal/contracts
- People
- Customs/duty/tariffs
- Finance/taxation



### Featured



EVENTS  
A Budget to 'unleash Britain's potential?'  
BOOK YOUR PLACE



INSIGHTS / UK360  
Foresight versus hindsight for Brexit vision  
READ MORE



INSIGHTS / UK360  
Preparing for a no-deal Brexit: TSP - soothes the pain of EU imports  
READ MORE

Whatever the Brexit outcome, one truth is certain – businesses that remain agile will thrive best as we navigate the new political and economic landscape.

As part of our strategy advisory offering, we have developed **BX360** – an analysis tool designed to provide a bespoke evaluation of how Brexit will affect you.

Our experts will conduct a granular review of key issues, including: customs and tariffs, finance and taxation, legal and contracts and people implications. No areas are off-limits as we help you roadmap and prioritise your actions.

Our **BX360** will:

- Identify what you need to be doing now ahead of the Brexit outcome
- Clarify touchpoints within your business vulnerable to the various Brexit scenarios
- Develop contingency strategies in the event of any political, legislative and economic changes
- Stress test those plans by running through each scenario to identify areas of concern



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