

BUSINESS BREXIT CHECKLIST

This checklist has been created to help businesses consider the changes that Brexit may bring to your firm, and to help business planning at both operational and Board levels.

The UK's impending departure from the European Union will bring change for businesses of every size and sector.

While some companies are already planning for the challenges and opportunities ahead, The East Lancashire Chamber of Commerce believe that all firms – not just those directly and immediately affected – should be undertaking a Brexit 'health check', and a broader test of existing business plans. Time spent thinking through the changes that Brexit may bring to your firm could yield real dividends in future.

While the final settlement between the UK and the European Union is still to be negotiated, there are steps that businesses of all sizes can take now to start planning ahead. Recent Chamber surveys have asked:

- Have you / your management team devoted time to considering the potential consequences of Brexit – direct or indirect – on your businesses?
- If you have one, have you consulted with your Board of Directors on Brexit – or scheduled an opportunity to do so?
- Have you mapped your supplier and customer base – and considered how changes in the UK-EU trade relationship could affect them?

This checklist has been prepared in response to the findings, which suggest that a significant number of firms are either watching and waiting – or taking no action at all. We hope you find it useful as a basis for business planning at both operational and Board level.

Your firm doesn't have to navigate Brexit alone. Contact the East Lancashire Chamber of Commerce to find out how your Chamber can support you.

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February 2018 - Version 1



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WORKFORCE

AREA	CONTEXT	TO CONSIDER/TAKE ACTION	YOUR NOTES
Workforce and future skills needs	<p><i>There will be changes to how EU nationals register in the UK, the details of which are yet to be announced.</i></p> <p><i>If you employ non-British or non-Irish workers from elsewhere in the EU, Government has issued guidance on their present and future immigration status.</i></p>	<p>What percentage of your UK workforce is from the EU27? Do your staff know the next steps to take to register as an EU citizen working in the UK?</p> <p>All key information can be accessed here (https://www.gov.uk/guidance/status-of-eu-nationals-in-the-uk-what-you-need-to-know).</p> <p>You and your employees can sign up for regular updates here (https://gov.smartwebportal.co.uk/homeoffice/public/webform.asp?id=67&id2=627DF7)</p>	
		<p>What can you do to help retain skills and labour?</p>	
Future staffing requirements	<p><i>Further ahead, there will be changes to the UK's immigration regime. The British Chambers of Commerce are advising the Home Office on this, using feedback from across the UK Chamber Network.</i></p>	<p>What will be your skills and labour needs over the next few years? Will you need to hire someone from outside the UK? What steps will you need to take to hire them? Could different arrangements (remote working) be feasible for your business?</p>	



CROSS - BORDER TRADE

Your Local Accredited Chamber can give you further, detailed advice on goods trade

AREA	CONTEXT	TO CONSIDER/TAKE ACTION	YOUR NOTES
UK/EU customs checks	<p><i>As a 'third country', UK exporters to the EU after Brexit may in future be required to make customs declarations.</i></p>	<p>What customs procedures do you comply with for trade with non-EU markets? Are you ready, if the need arises, to apply these to imports from or exports to the EU?</p>	

<p>Potential delays at UK/EU border</p>	<p><i>With potential customs checks between the UK and the EU, there may be delays at the border.</i></p>	<p>How resilient is your supply chain to potential border delays? Do you have contracts with penalties for late delivery? You may want to discuss with your logistics provider whether you would require new arrangements.</p>	
<p>Tariffs on UK-EU trade</p>	<p><i>The British Chambers of Commerce have been advocating for zero tariffs on trade between the UK and the EU after Brexit.</i></p> <p><i>However, businesses should consider the potential impact of a situation where there are tariffs between the UK and the EU – based on the MFN tariff (which applies to countries that do not have a special agreement with the EU).</i></p>	<p>Do you need to increase your inventory and/or buy additional storage space?</p> <p>Do you know the HS codes (international classification system) for your products? Do you know the EU MFN tariff that is applicable for your product?</p> <p>If the UK and the EU do not reach an agreement that removes all tariffs, what would the impact of the MFN tariff be on your costbase?</p>	
<p>Rules of Origin in UK-EU trade</p>	<p><i>Even if the UK has a zero-tariff trade agreement with the EU, companies will need to prove that their product is of UK origin to benefit from this (usually, this means that 50-55% of the product has to be locally sourced). The exact terms of these rules between the UK and the EU are yet to be negotiated.</i></p>	<p>If you are a supplier, has your customer asked you to provide proof of where you source your content? Would you be able to provide it if asked?</p> <p>If you buy your components from local suppliers, have you thought about conducting an audit of where they source their materials?</p>	

<p>EU trade agreements with third countries</p>	<p><i>The UK Government has indicated its intention to secure the benefits of existing EU trade agreements with other countries. However, businesses may need to consider a scenario where the terms were to change and preferential trade terms are no longer available.</i></p>	<p>Do you import or export using lower duty rates ('preferences') provided by the EU's existing trade agreements? How might changes to, or the ending of, these preferential rates impact you?</p>	
		<p>Which markets (where the EU has a trade agreement) are particularly critical for you? Please let your local Chamber know.</p>	
<p>Customs facilitations, reliefs etc</p>	<p><i>There are a number of duty relief schemes available to UK businesses. It may be worthwhile for your business to consider applying for these. There is also a trusted trader scheme – AEO – that may be relevant to you if your supply chain also takes part in it. Please speak to your local Chamber to learn more about these.</i></p>	<p>Do you plan to apply for additional customs relief or trusted trader schemes from HMRC? Read more about them here:</p> <p>https://www.gov.uk/duty-relief-for-imports-and-exports</p> <p>https://www.gov.uk/guidance/authorised-economic-operator-certification</p>	
<p>Customs/ export training</p>		<p>Do you have a member of staff knowledgeable in customs and export? Would it be valuable to train a member of staff in this area? Chambers are able to provide both ongoing support and relevant training.</p>	



TAXATION

AREA	CONTEXT	TO CONSIDER/TAKE ACTION	YOUR NOTES
Import VAT	<i>With the UK's exit from the EU, it is assumed that the UK will also leave the EU VAT area. This means that import VAT may be payable, at the border, on goods imports from the EU.</i>	<p>Do you have enough working capital to pay VAT on import of goods from the EU?</p> <p>Have you considered ways to mitigate the potential cash flow impacts of the need to pay import VAT?</p>	
	<i>Deferment accounts (allowing for duty to be deferred for up to 1 month) are available to companies with 3 years' VAT record.</i>	If you wish to open a deferment account (to postpone the payment of VAT on goods imports by 1 month), are you able to get a guarantee from your bank?	
VAT registration in the EU (services sector)	<i>If you trade in services, post Brexit, the working assumption is that after Brexit you may need to register for VAT / appoint a fiscal agent in every EU member state where you supply customers.</i>	If you are a services company, in how many EU member states do you supply services? In how many do you have VAT registration? How would getting VAT registration in every relevant state impact your cost base?	



CURRENCY/INTELLECTUAL PROPERTY/CONTRACTS

AREA	CONTEXT	TO CONSIDER/TAKE ACTION	YOUR NOTES
Currency risk	<i>The months following referendum have seen significant currency volatility – this may re-emerge in future.</i>	What currency are you being paid in? Have you considered the possibility of further currency movements, and how this might affect existing and future contracts? Your local Chamber can give you recommendations for mitigating these risks.	

<p>EU regulatory regime</p>	<p><i>It is unclear whether UK regulators will be able to provide licenses for the EU market after Brexit; it is also unclear if notified bodies in the UK can conduct conformity assessment checks on goods destined for the EU market.</i></p>	<p>Which regulatory agencies do you work with? What steps might you need to take to comply with separate UK and EU regulators in the future?</p>	
<p>Intellectual Property</p>	<p><i>It is unclear whether trademarks registered in the EU would be applicable to the UK in the future.</i></p>	<p>Do you own any Intellectual Property rights? Have you contacted trademark bodies / solicitors / IP advisors on how to protect your intellectual property after March 2019?</p>	
<p>Contracts review</p>	<p><i>Some of the terms in existing contracts may no longer be relevant post Brexit, or may raise legal or practical questions in future.</i></p>	<p>Do your contracts refer to any terms that should be reviewed in light of the UK leaving the EU; do they make references to the UK being a member state/to the EU? Does your contract rely on EU regulation applicable to contractual arrangements?</p>	

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