



## **BREXIT – ISSUES FOR SME's AHEAD OF 1 JANUARY 2021 !**

### **BACKGROUND**

As we are within 30 Days of the end of the UK's 'Transition' period with the European Union, we are heading into a period of change for **ALL** businesses in 2021 !

Even if your business is not affected by BREXIT directly i.e. your trade is UK to UK, there may be an impact on your business counterpart(s) - in obtaining YOUR goods without delay, being able to provide YOUR service, keep prices unchanged etc.

Although we are still awaiting agreement on the BREXIT discussions between the UK and EU, in practice these are mainly around tariffs and mutual recognition (services), rather than impacting on many of the practical changes that businesses will face i.e. **the UK has already left the EU !**

It should be noted that the UK Government have announced a number of simplifications and deferments (goods) available post January 2021 which will be very helpful, however many of these will expire by July 2021 - **so further planning for the more detailed customs and VAT requirements is still to come.**

***So as a UK business how far have you progressed with your plans for managing any of the impacts that leaving the EU may have on your business ?***

**OR**

***If you haven't really done much planning so far – what can you start working on NOW ?***

### **BREXIT IMPACTS**

The impacts resulting from the UK's departure are very wide, covering issues such as

1. Physical import/export of goods
2. Provision of services (into or in EU countries)
3. Charging and reclaiming VAT + changes to VAT return submissions
4. Tariffs and duties
5. Cashflow and additional business costs
6. Pricing issues
7. Legal/contractual and regulatory issues
8. Other practical issues e.g. employment, travel, qualifications, licences etc

Once you have carried out your BREXIT Impact review for your business, you will have a clearer view of the issues facing your business from 1<sup>st</sup> January 2021 i.e. for some it may be significant change across a variety of areas, whereas for others it may be just around VAT or invoices.

The reality is that as the UK has been a part of the EU arrangement for decades, the end of the '**Transition**' means that many things, that we have all become very used to, will be changing in one way or another !



## WHAT DOES IT MEAN FOR MY BUSINESS ?

There will be a number of challenges and risks facing businesses of all types, not only in the few first months following the end of the transition period, but also as we go towards July 2021, therefore actions most business will need to take include -

- ensuring a valid EORI number has been obtained – **required to trade goods**
- appointing a Customs agent/representative – **required to clear Customs, apply for 'simplified procedures etc**
- amending Customer invoices with additional information
- ensuring information and documentation is accurate and completed – **to avoid delays with goods**
- charging the correct rate and amount of VAT
- reviewing cashflow requirements given additional taxes, tariffs, costs and fees
- considering contractual/non contractual relationship with customer/suppliers - **non payment due to delays, disputes, insurance claims etc**
- reviewing pricing given Customs check/examination fees, storage fees, IP/licence re registration fees etc. – **goods and services**
- staffing resources – **where there is a reliance on EU employees**

## KEY ACTIONS – LESS THAN 30 DAYS AND COUNTING !

1. **Carry out a BREXIT Impact assessment NOW on your own business !**
2. **Create a BREXIT actions Checklist**
3. **Identify the key priorities and deadlines for completion pre 31<sup>st</sup> December 2020**
4. **Review whether there are grants or other financial supports available**
5. **FINALLY – Are there potential opportunities for your business post BREXIT ?**

## CAN WE HELP ?

We can provide assistance with the following:

- **BREXIT Impact Assessment review meeting:** along with the creation of a BREXIT Actions Checklist
- **EORI number :** applying for the number with HMRC
- **Custom Declaration Templates :** preparing internal templates with accurate data on various goods being exported e.g. classification/commodity codes, country, currency, custom values, weights etc
- **VAT review** - updating Xero/Quickbooks with new VAT codes, amended Customer invoice information, identifying changes on VAT codes on sales via Amazon/Shopify etc post 1<sup>st</sup> January 2021
- **Grants :** review of potential grant supports and/or application support