

# Brexit and beyond

## Preparing for a no deal Brexit

The UK has been clear in saying that whatever the outcome of EU talks we will be leaving Europe on 31st December. As the final round of Brexit trade talks have reached political deadlock the possibility of 'no-deal' is becoming most likely.

Although many things remain uncertain, being prepared and reviewing trade and customs issues that may arise in advance is crucial in preparing for business to and from Europe in 2021.

### Customs border

From 1 January 2021, the UK will formally leave the EU's single market. Although some matters will be subject to any trade deals, from that date there will be a customs border between the UK and EU. This border will affect traders who transfer goods across it.

Traders should ensure they fully understand their current supply chains in and out of Europe and consider any new obligations that may arise because of the new border. These obligations may include EU VAT registration requirements and customs declarations. There may also be consideration of overseas warehousing, subsidiaries, or branches.

### How we can help

- Review international supply chains, from purchase to sale and identify opportunities and obligations arising post-Brexit
- Complete EU EORI and non-Union MOSS applications
- Assistance with EU VAT registrations, where required
- Software systems to record overseas transactions in accounting software
- Contract review and advice on establishing an EU supply chain to take advantage of best practice in the EU

## Distance selling

Distance selling thresholds and/or destination taxation will not apply between the UK and EU. These transactions will instead be treated as imports into the EU and so customs procedures would apply. It will be necessary to consider who will be responsible for importing fees. It can lead to poor customer experience where the customer is made the importer of record and therefore, we anticipate most businesses will need to be responsible for the import and pay the associated fees at Customs.

The business will then need to have registrations in all regions where sales are made, there are however options in these circumstances for a business to move stock to one EU country and then fulfil EU orders from that country using the distance selling threshold.

## Intrastat requirements

EC sales list requirements to record UK to EU transactions will no longer be required. However Intrastat reporting requirements for movement of goods between the UK and EU will remain. Any business wanting to move goods into the EU will require an EU EORI number.

## Want to find out more?

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## VAT

Major VAT changes are being introduced in the EU from 1 January 2021 and therefore UK businesses need to be aware and take care to be compliant with their transactions to and from the Union.

In particular, UK businesses supplying goods and services directly to consumers will need to:

- Register for the non-Union MOSS scheme
- Consider appointing a tax representative established in the EU and;
- Comply with reporting in Member States.

## Key contacts



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