



BREXIT – HOW TO GET READY FOR THE END OF THE TRANSITION PERIOD

GUIDE FOR BUSINESSES



The United Kingdom (UK) left the European Union (EU) on 31 January 2020.

Officially, the UK is no longer an EU country and does not take part in EU decision-making.

The EU and the UK have a Withdrawal Agreement that allows for a transition period until 31 December 2020.

During the transition period, rules and procedures for customs and taxation stay the same as before.

However, this will change **from 1 January 2021**.

Once the transition period ends, there will be **major changes in taxation and customs** for companies doing business with the UK.

**Businesses need to get ready for these changes –
as soon as possible!**

BREXIT WILL AFFECT YOUR COMPANY IF...

- ... it **sells** goods or supplies services to the UK, or
- ... it **buys** goods or receives services from the UK, or
- ... it **moves** goods through the UK, or
- ... it **uses** UK materials and goods to trade under preferential schemes with EU partner countries.

For Northern Ireland, specific provisions with an impact on value added tax (VAT), excise, and customs may apply. Businesses that trade with or through Northern Ireland need to be aware of these provisions and take the necessary measures. Below, you can find details of who to consult on this.



WHAT DOES THIS MEAN?

If your company trades with the UK, moves goods through the UK or uses UK goods to export under EU preferential schemes, you need to get ready for major changes that will affect you.

Once the transition period is over, **when dealing with the UK**, you will have to comply with the same customs formalities that apply for any other non-EU country.

TAXATION AND CUSTOMS UNION

This means, for example:

- You will need to file customs declarations when importing or exporting any goods to/from the UK or when moving your goods through the UK.
- In addition to the customs declaration, you may need to provide security and safety data.
- You will need a special licence to import or export certain goods (e.g. waste, certain hazardous chemicals, GMOs).

- You will need to comply with additional formalities if importing or exporting excise goods (alcohol, tobacco, or fuel) to/from the UK.
- You will generally have to account for VAT in the EU country where you import goods from the UK. You will be exempt from VAT in the EU on any goods that you export to the UK, but you will then need to comply with any VAT rules for imports in the UK.
- You will have to comply with different VAT rules and procedures for transactions with the UK than for transactions within the EU.

The changes above apply even if the EU and UK reach an ambitious free trade agreement. The list above is not exhaustive, and you should consult reliable sources for full details of how Brexit affects you and your business. You can find details of who to consult below.

The changes may be even more substantial **if there is no EU-UK Agreement** by the end of the transition period. In this case, in addition to the formalities above:

- You will also have to pay customs duties on goods that you bring into the EU from the UK.
- You may be affected by quotas for certain goods entering the EU from the UK.

Additionally, you should be aware that if you are using any UK materials or processes, these will not be considered as 'originating' under existing EU preferential schemes anymore.



WHAT SHOULD YOU DO?

Do not wait until the last minute!

The sooner you start to get ready for these changes, the lower the risk that your business will face major disruption after the transition period.



The checklist below provides some practical steps you should take to get ready:

- TALK** to your business partners. The end of the transition period might also impact your supply chain, so you need to be aware of what it means for your suppliers, intermediaries, or transporters, too.
- CONTACT** your local authorities and advice centres to get full details and explanations on what you need to do to be ready for the end of the transition period. The contact details for each Member State can be found below.
- CONSULT** the European Commission's webpage, where you will find detailed 'readiness notices' on a wide range of topics, to help businesses get ready for the full impact of Brexit.
- ACT** now! Do not wait until the end of the transition period to think about how you need to adapt. Some of the processes and procedures you need to follow take time, so you should start as soon as possible to avoid unnecessary difficulties for your business.



MORE INFORMATION AND RELATED LINKS

- European Commission Tax and Customs webpage on the UK withdrawal from the EU:

https://ec.europa.eu/taxation_customs/uk_withdrawal_en

- Contacts of national tax and customs authorities in all EU countries:

https://ec.europa.eu/taxation_customs/national-contact-points-or-websites-dedicated-uk-withdrawal-related-information_en

- Readiness Notices for stakeholders:

https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/getting-ready-end-transition-period_en

NOTES

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