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brexit centre of excellence

Brexit Briefing
No: 08 // JUNE 2019

No Let Up in Uncertainty

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Private sector output, orders and employment posted their fastest rates of decline since the final quarter of 2012, according to the data from the Ulster Bank Northern Ireland PMI® while close to half of cross-border traders (44 per cent) have been negatively impacted by Brexit according to InterTradeIreland's latest All-island Business Monitor.

Almost a third of larger companies (31 per cent) say that Brexit has delayed investment decisions and the number of businesses planning to invest in innovation remains low with just 6 per cent of firms planning to spend on research and development over the next 12 months,

With no let up of uncertainty on the horizon as we move into summer, businesses should continue to focus on contingency planning, taking full advantage of the available supports, advice and funding. (Full details are available from our Brexit Centre of Excellence.) PKF-FPM clients report that quantifying potential impacts and demonstrating that plans are in place to mitigate them is helping with customer retention. Clients also say that they are picking up new opportunities from businesses looking to onshore supply chains.

HR Preparations

A particular concern for businesses in the border region is the potential impact of Brexit on cross-border workers.

An estimated 30,000 workers live on one side of the border and work on the other. Currency fluctuations directly impact these individuals. They will also be inconvenienced if border checks are introduced. Employers need to take these factors into consideration when workforce planning.

HR managers should familiarise themselves with the extent of their organisation's exposure - for example, by checking the nationality of employees and ensuring that relevant visas, work permits, etc are in order.

It will be particularly important to consider the tax and social security implications that may impact cross border workers.

Driving licences, motor taxation and insurance will also need to be checked to ensure relevant documentation is in order for employees who drive in more than one jurisdiction. Good communication with employees will help allay anxieties.

For advice or assistance, please contact PKF-FPM's Brexit Centre of Excellence.

Open Borders Drive Growth

In April, Shaun Kelly, Chief Operating Officer of KPMG International told a Chartered Accountants Ireland Leadership Symposium at the ICC in Belfast that while local politicians can do a very powerful job of communicating the opportunity for global businesses, the uncertainty of not having a Northern Ireland Executive makes it more difficult to show that Northern Ireland politicians are focused on business and supporting business investment.

Mr Kelly, originally from Northern Ireland but now based in New York, was welcomed back to Belfast by PKF-FPM's Feargal McCormack who chaired the Chartered Accountants Ireland event.

Commenting on Brexit, Mr Kelly stressed the importance of open borders and the need to ensure that a strong pipeline of talent is nurtured to support the local economy.

"Whatever the political solution to Brexit may be, my strong belief from a business standpoint is that the more we can have open borders, mobility of capital and mobility of people, the easier it is to drive economic growth and create jobs".

"There are tremendous opportunities for Northern Ireland as an investment location. We must ensure that we invest in education at all levels to make sure that Northern Ireland has the people with the relevant skills that overseas investors are looking for."

HMRC 'No Deal' Advice

HMRC has written to VAT-registered businesses trading with the EU and/or the rest of the world to explain the actions that need to be taken to prepare for changes to customs and VAT procedures in the event of a no-deal Brexit. These include:

- Getting a UK Economic Operator Registration and Identification (EORI) number.
- Signing up for Transitional Simplified Procedures for customs
- Finding out how your customs facilitations authorisation will be affected
- Preparing to move goods within the EU using the Common Transit Convention
- Checking HMRC and EU member state information for details of further controls for exports you may be affected by
- Familiarising yourself with changes to accounting for VAT including checking that your software provider can accommodate the changes
- Considering how VAT registration checks will affect your business, including the potential impact on your IT systems
- Familiarising yourself with the EU VAT refund processes of any member states you do business with.

Further information and/or advice is available from PKF-FPM's tax team.

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Easing The Customs Burden

Revenue have set out a number of ways to make interactions easier for RoI businesses in the future EU-UK trading environment. These include:

- Deferred payment which allows you to defer payment of import charges until the month following import.
- Authorised Economic Operator (AEO) status which recognises reliable operators as secure and safe and offers various benefits to the trader.
- Simplified procedures which allow you to import goods and to perform customs formalities more easily.
- Inward or outward processing, end use, warehousing and temporary admission procedures provide for relief from import charges depending on the use of the goods.
- An authorisation to be an authorised consignee or authorised consignor which allows you to complete transit formalities at your premises.
- A temporary storage facility which is a customs approved place inside or outside the port or airport, where non-Union goods are placed in storage prior to being placed under a customs procedure or re-exported.
- Relief from payment of Customs Duty and VAT depending on the nature and value of your goods. You will find information about these reliefs in relief from Customs Duty and VAT and personal reliefs from Customs Duty and VAT.

As is always the case, there are rules and conditions that will need to be complied with in. For information and/or advice, please contact PKF-FPM's tax team.

Buying Goods from the UK

The Irish Government has published advice for businesses buying goods from the UK, warning that incomplete or inaccurate information customs declarations and procedures will lead to delays with knock-on impacts for businesses.

All Businesses

- All businesses that import, export or move their goods and materials from or through the UK need to register with Revenue for a customs number (EORI number). This applies irrespective of the volume or value of trade undertaken.
- All businesses should review their supply chain to assess how it may be affected and build contingency into their business planning and cash flow management. This may include instances where your business relies on products brought in from the UK through a distributor.
- Check if your business relies on products or services that are certified to conformity with EU regulations and standards by a UK body. These certificates or licences may no longer be valid in a no deal scenario and you will need to take the necessary steps to ensure compliance with EU regulations and standards. For further information, please see certification and licensing. Likewise, businesses are advised to monitor any changes that UK authorities may make over time to their regulatory requirements.
- Engage with any trade representative body of which you are a member. They can assist you in preparing for Brexit. Businesses can avail of free customs training through Enterprise Ireland, InterTradeIreland and the Local Enterprise Offices which aim to give businesses an understanding of the key customs concepts, documentation and processes required to succeed post-Brexit.

Businesses importing directly from the UK

- Businesses need to prepare for any new customs arrangements and regulatory checks and the impact they will have on their business. These include:
- Any requirements for pre-declarations and for health and safety checks for certain categories of goods (including animal or animal products, plants, plant products and wood packaging), and certain food products.
- Any required customs documentation and procedures for the payment of any customs and excise duties or VAT due on imports from third countries, including the UK in the event of a no deal scenario. Businesses will need to plan for this in terms of cash flow. Government has put in place postponed VAT accounting to reduce the impact of new arrangements on businesses' cash flow.
- Businesses are advised to consider how they will handle these customs and regulatory formalities. These can be managed in-house or by a customs broker/agent. Either option requires planning and time.
- If your products are transported using wood packaging or pallets, check that the wood is International Standard for Phytosanitary Measure No. 15 (ISPM15) compliant.

Data Protection

RoI businesses transferring personal data to or from the UK need to ensure that sufficient protections are in place to continue to transfer personal data post-Brexit.

This includes transfers such as mailing lists if you have UK based clients, or employee data if you use a UK-based payroll firm. It also includes data storage and website hosting where this involves personal data. Data protection and commercial transfers of personal data are regulated at the EU level and there is a range of measures that enable such transfers to and from third countries.

Companies are advised to review their existing processes and contracts to assess whether they involve data transfers to the UK and to ensure compliance with data protection regulations.

The Irish Data Protection Commission has issued guidance on what measures would apply for a majority of companies in the event of a no deal Brexit and sets out detailed advice on how companies should implement these. For further detail and guidance please visit the Data Protection Commission website.

Need Brexit Advice?

InterTradeIreland - Cross border traders can now avail of two vouchers from ITI:

A **'Planning Voucher'** – provides 100% financial support up to £2,000/€2,250 towards professional advice to help businesses to identify Brexit exposure and to plan.

A **'Brexit Implementation Voucher'** – provides 50% financial support up to £2,500/€2,810 so that businesses can implement critical changes making them better prepared to deal with a new trading relationship.

Invest NI clients can also apply for support under the Brexit preparation grant which provides financial assistance, 50% of eligible costs up to a maximum of £50k, to prepare for the changes and challenges presented by Brexit.

Enterprise Ireland are also supporting their clients in preparing a Brexit action plan. **Be Prepared Grant** offers financial assistance of 50% of eligible costs up to a maximum of €5k.

For details, contact PKF-FPM's Brexit Centre of Excellence.