

# Indirect taxes consequences of the Brexit

## What to expect and how to prepare?



### Brexit: when will it generate consequences?

The Brexit will start to have indirect taxes consequences on 1 January 2021 (as of 1 February 2020, the EU and the UK entered into a transitional period).

### What does it mean from an indirect taxes perspective?

UK will leave the EU Single Market and the Customs Union. In other words:

- UK will be treated as any other country **not part of the EU**;
- Whether the EU and UK agree on a deal regarding their future trade relationships or not, we are already certain that the Brexit means the **end of the intracommunity trade** between the two.

### More concretely, what impact will the Brexit have for EU companies?

Supplies of goods between the EU and UK will now be treated as **import/export of goods** instead of intracommunity transactions:

- A whole **new process** will need to be taken into account;
- Companies will incur **logistic costs** at the EU/UK border (waiting time, export formalities, etc.);
- Need to check whether **Export licenses** are necessary to export the products;
- **EU VAT simplifications are no more** applicable (e.g. triangular sales, consignment stock, non-transfer rules, etc.) which can trigger additional obligations;

- In case the goods imported are subject to **customs duties**:
  - customs duties are an additional element to take into account in the **pricing/margin**;
  - will the supplier or the customer be **liable to pay** these customs duties?
  - the customs duties due on import transactions with other countries may also be affected due to the **loss of preferential origin status**;
  - ...
- EU companies moving goods from UK will have to apply for a GB EORI number;
- ...

### How can we prepare for the Brexit?

**Review the flows of goods with UK** in order to **estimate the impact** of the Brexit in terms of customs duties, VAT and customs obligations and logistical costs. This also requires to determine the customs classification and customs value of the goods traded:

- Analyse the possibility to apply **customs and / or VAT licences** in order to limit the financial consequences of the Brexit;
- Analyse the possibility to **adjust the supply chain**;
- **Review the contracts** with the suppliers, customers, logistic partners ;
- Specific attention will need to be paid to the **transport conditions/Incoterms** applicable with suppliers and customers ;
- ...

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## Advisius' Brexit Assessment tool



### A Brexit Assessment tool

Advisius created a **specific online questionnaire** allowing to **assess to which extent your company will be impacted by the Brexit and the level of preparation still required from your side.**

The questionnaire includes **10 questions** and will only take **10'** to complete. Optional questions for direct tax consequences are also available.

Within 48h after completion of the questionnaire, you will receive from Advisius a first (complimentary) **high-level assessment report** on the impact the Brexit will more likely have on your company.

This report will already outline **some attention points** and may constitute the basis for further discussion. The report will however not cover all areas of potential concern, nor provide you with an estimate of the financial impact of the Brexit on your company.

Should you want to complete the questionnaire, **please send an e-mail to [Brexit@advisius.law](mailto:Brexit@advisius.law)**. You will receive an e-mail with a link to complete the questionnaire.

**Please do not hesitate to contact us would you like to discuss directly:**



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### About Advisius 'We act fiscal and think global'

*Our advices provide real **added value** and a clear **vision** in the legal framework ('ius').*

*With a team of highly qualified lawyers, our law firm Advisius helps you resolving all manner of taxation issues, from corporate transactions and restructuring, group structuring (funding, transfer pricing, etc.), investment funds, property tax, audits, disputes and VAT right through to employee remuneration schemes, and private clients.*

*We advise a diverse mix of family-owned businesses, publicly-listed companies, investment funds, and high net worth individuals across a range of industry sectors, including digital business, retail, financial services, life sciences, real estate and infrastructure, energy and renewables.*



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