Brexit Update

We are all speculating as to what the future will look like post Brexit. We need to prepare ourselves for the changes that are coming, whatever those changes may be. Interesting and challenging times lay ahead, but we are confident that we can help, advise and guide you on the Brexit journey.

Although daunting, the changeable landscape is proving a good opportunity for our clients to take a step back and review their long term plans from a more strategic position. This will be essential for organisations to make the most of life outside the EU. Our team members comment as follows:

Rob Plumbly
on VAT

Brexit has significant VAT implications. In 2017-18, VAT revenues amounted to 18% of the total tax take of £690 billion. As such, the UK is hardly likely to abolish VAT post Brexit! Whilst the VAT rules relating to domestic supplies may not change much, there will inevitably be changes affecting cross border transactions. But what will the changes be? As we approach 31 October 2019, bizarrely it is the 'no deal' scenario that is offering greater clarity. As for 'deal'possibilities, it seems that all bets are off.

Jan Fachot
on Business Taxes

Businesses need to consider what the direct tax consequences are of operating in other EU jurisdictions such as having a parent or subsidiaries and intercompany flows. The recipient of dividends, interest and royalties either in the UK or other EU jurisdictions may be subject to withholding taxes if the various EU directives are no longer in place which will depend on the final Brexit deal and any double tax treaty the UK has with individual countries. A review of the current business model and any changes as a result of Brexit is advised.

Sarah Davis
on Customs duties

Clients that buy and sell goods within the EU are likely to experience various practical problems post-Brexit when changes to the customs duty arrangements take effect. A new customs regime is likely to create significant delays to the physical movement of goods, as well as potentially putting financial pressure on margins under existing contracts. There are steps that clients can take now to minimise the disruption and to protect themselves as far as possible.

Jayne Rowe
on the Charity sector

The Treasury has agreed to underwrite the European Social Fund should a no deal funding pledge occur. Charities should still apply for EU funding as this agreement is for all funding awarded up until the UK leaves the EU. The European Union (Withdrawal) Act will protect workers' rights once we leave the EU. Even so, there could be a reluctance for EU citizens to work in the UK. With Brexit causing so much uncertainty, there will be a growing need for the services of the Charity sector with no pledge for increased income from the Government.

Kate Millard
on Employment Taxes

Whilst the international employment tax position is generally determined under domestic tax law and the relevant double tax treaty between the countries concerned, the social security position is determined under the European-wide regulations. The current regulations should continue to apply until the end of the transition period, however the position thereafter is uncertain and will depend on the terms of the withdrawal and subsequent agreements. We recommend that employers review the position of all their employees working across the EU.

Evie Jones
on the Farming sector

The uncertainty surrounding government policies on support, regulation, international trade and access to labour is making it difficult for farmers to confidently plan for the future. The Agricultural Bill gave some clarity and it seems clear that policies will have a strong focus on environmental factors and increasing productivity. We are still left in the dark on the position of what is arguably the most important factor for British farmers; international trade and tariffs; but with 31 October fast approaching, we should have some answers imminently.

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