



Grant Thornton

An instinct for growth™

Brexit essentials

Compliance, continuity and cost

March 2019





For insight and analysis, visit our dedicated Brexit hub:
www.grantthorntoni.com/insights/brexit/

Navigating Brexit

Over the last two years we've advised organisations from all sectors on their Brexit planning. While each business will need a tailored plan, we've uncovered some common focus areas for organisations in the run up to Brexit, including:



Compliance



Continuity



Cost



Compliance

Ensure your organisation, products and services comply with new rules and processes.

Both the UK government and European Commission have published details on the changes that will follow a no-deal outcome. These should be reviewed to ensure you are aware of their implications for your business.

Regulation

Products meeting EU standards and tested in the EU will remain legal to sell in the UK and EU. Those produced to UK national standards (in areas where there are no EU standards) or conformity tested in the UK, may not be legally placed in EU markets after Brexit. Specific sector regulations and restrictions may apply in the EU to UK goods and services.

In relation to data, GDPR continues to apply in the UK and data can be freely exported

from the UK to the EU. You may need additional safeguards to be allowed to import data from the EU into the UK.

Some actions you should consider regarding regulation:

- map all product lines. Do they conform to EU or UK standards? Is conformity testing done by a UK or an EU body?
- if EU standards apply, do you need to switch conformity testing to an EU recognised organisation?
- check for specific rules in your sector (eg financial services, food, transportation, chemicals and life sciences)
- check if you import personal data into the UK from the EU and, if so, apply appropriate safeguards.

Need advice and support?

Our cyber team has GDPR experts, with previous experience from business, who can provide further information on Brexit personal data solutions.

Contact:



Mike Harris

Partner, Cyber Security

T +353 (0)1 436 6503

E mike.harris@ie.gt.com



Shane Carrick

Director, Privacy

T +353 (0)1 680 5936

E shane.carrick@ie.gt.com

Exports

Exports from the UK to the EU, and from Ireland to the UK, will require export and customs documentation after Brexit. You will need to pay tariffs on these exports. UK exporters may also incur new tariffs or restrictions in markets in the rest of the world currently covered by an EU trade agreement (eg Mexico and South Korea).

Some actions you should consider regarding exports:

- apply for an Economic Operator Registration and Identification (EORI) number. This is essential for you to continue to import and export;
- check what tariffs you will have to pay for exports;
- review how you can minimise tariff costs – what tariff reliefs, distribution models or alternative sourcing might suit your business; and
- identify customs and VAT process changes required in your business and through your supply chain.

Need advice and support?

Our customs and indirect tax team has extensive experience of trade compliance, customs and VAT in industry, government and with large and mid-market businesses. We have been working extensively with clients on Brexit, including measuring tariff impacts, reviewing customs processes and applying for duty reliefs and trusted trader accreditation.

Contact:



Jarlath O'Keefe

Partner, Indirect Tax - Ireland

T +353 (0)1 680 5817

E jarlath.okeefe@ie.gt.com



Lee Squires

Director, Indirect Tax - Northern Ireland

T +44 (0)28 9587 1095

E lee.squires@ie.gt.com



Continuity

Minimise disruptions during Brexit.

People

European Economic Area (EEA) citizens living and working in the UK will now have a right to remain and work in the UK after Brexit. They should apply for 'settled status' to secure their legal right to remain.

More widely, employers expect a growing skills gap and a tighter labour market in a no-deal scenario. Movement of people on assignments between the UK and EU will also require new processes.

Some actions you should consider regarding people:

- communicate with your UK employees: make sure they know they have a right to remain and how to apply;
- consider providing some Android devices in the workplace for people to use, they will need one to apply for settled status via the government app;
- make yourself an employer of choice: develop your employer value proposition to attract and retain talent; and
- update your global mobility processes (including social security, tax and visas) for UK- EU assignments.

Need advice and support?

Our people advisory team has extensive industry experience of HR operations and transformation. Our experts can help employers develop people plans, communications, and global mobility solutions.

Contact:



Patrick Gallen

Partner, People and Change Consulting

T +44 (0)28 9587 1141

E partick.gallen@ie.gt.com



Jane Lee

Manager, Employer Solutions - Tax

T +44 (0)28 9587 2314

E jane.lee@ie.gt.com

Supply chain and distribution

The supply of finished goods, raw materials and components for your business and your customers via UK/EU ports may suffer delays of several days or more. The knock-on effects may cause wider supply chain disruption which could impact your operations and supply to customers.

Some actions you should consider regarding supply chain:

- review stock levels, extend order times, consider fewer and larger consignments;
- speak to your logistics provider; and
- plan what you would do if you have to stop production.

Need advice and support?

Our business consulting team includes supply chain and manufacturing experts with extensive industry experience who advise on supply chain, logistics, distribution, manufacturing, operations management and cost reduction.

Contact:



Elaine Daly

Partner, Business Consulting

T +353 (0)1 680 5895

E elaine.daly@ie.gt.com



Lindsay Bell

Associate Director, Business Consulting

T +353 (0)1 500 8038

E lindsay.bell@ie.gt.com



Cost

Take action to mitigate costs and improve cashflow.

Cashflow and cost reduction

A no-deal scenario will impact your cashflow with reduced revenue (eg from reduced economic and consumer activity) and increased costs (tariffs, customs, labour and foreign exchange).

Some actions you should consider regarding cashflow:

- stop or decrease discretionary spend;
- identify how to cut around 10% of costs;
- foreign exchange hedging;
- tighten debt management - chase outstanding bills; and
- raise new finance.

Need advice and support?

Our dedicated corporate finance and consultancy team support businesses in understanding the drivers of working capital and cash flows, as well as designing and implementing organisation wide changes which typically release significant cash. Our team can also secure additional financing for your business.

Contact:



Charlie Kerlin

Director, Corporate Finance

T +44 (0)28 9587 1105

E charlie.kerlin@ie.gt.com



William O'Carroll

Director, Business Consulting

T +353 (0)1 436 6527

E william.ocarroll@ie.gt.com

Imports

Imports into the UK from the EU, and imports into Ireland from the UK, will incur new customs procedures and may incur new tariffs. These imports will now be eligible for deferred VAT.

Some actions you should consider regarding imports:

- in the UK, apply for HMRC transitional simplified customs processes in order to transport goods from the EU into the UK without having to make a full customs declaration at the border;
- utilise deferred VAT accounting arrangements for imports where applicable; and
- review how you can minimise tariff costs – what tariff reliefs, distribution models or alternative sourcing might suit your business.

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Contact:



Jarlath O'Keefe

Partner, Indirect Tax - Ireland

T +353 (0)1 680 5817

E jarlath.okeefe@ie.gt.com



Lee Squires

Director, Indirect Tax -

Northern Ireland

T +44 (0)28 9587 1095

E lee.squires@ie.gt.com

How we can help

Planning for uncertainty

In the face of ambiguity, it is important for you to review contingency plans, assess the possible risks and harness the opportunities for your organisation.

Bringing together political insights, professional services expertise and a wealth of client experience, we can help clients create practical plans for any eventuality.

At Grant Thornton, we can work with you to:

- explore potential scenarios;
- map risks and opportunities;
- develop a hot spot analysis of key issues;
- identify no regrets decisions;
- build contingency plans; and
- stress-test existing plans.

Website

For insight and analysis, visit our dedicated Brexit hub:

[grantthorntoni.com/insights/brexit/](https://www.grantthorntoni.com/insights/brexit/)

Contact us

At Grant Thornton all our people are equipped to discuss Brexit. With expertise across a broad range of sectors and disciplines we can offer tailored advice on how you can minimise the risks and seize the opportunities presented by Brexit.

For advice please speak to your usual Grant Thornton contact or email us at:

grantthorntoni@ie.gt.com



Peter Legge

Partner, Tax

T +44 (0)28 9587 1081

E peter.legge@ie.gt.com

About us

Grant Thornton is Ireland's fastest growing professional services firm. With over 1,350 people in 7 offices across Ireland and 53,000 located in over 140 countries around the world, we bring you the local knowledge, national expertise and global presence to help you and your business succeed – wherever you're located.

We deliver solutions to all business challenges. Clients choose us because the breadth of financial and business services they need is available, delivered innovatively and always to the highest standards. At Grant Thornton we are committed to long term relationships.

Grant Thornton operate from offices in Dublin, Belfast, Cork, Galway, Kildare, Limerick and Longford.

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