

Brexit Deal? Or no deal?

Madison International Trade Association
May 2021



Who are we?



Simon Hart

Partner, International

simon.hart@rsmuk.com



Brad Ashton

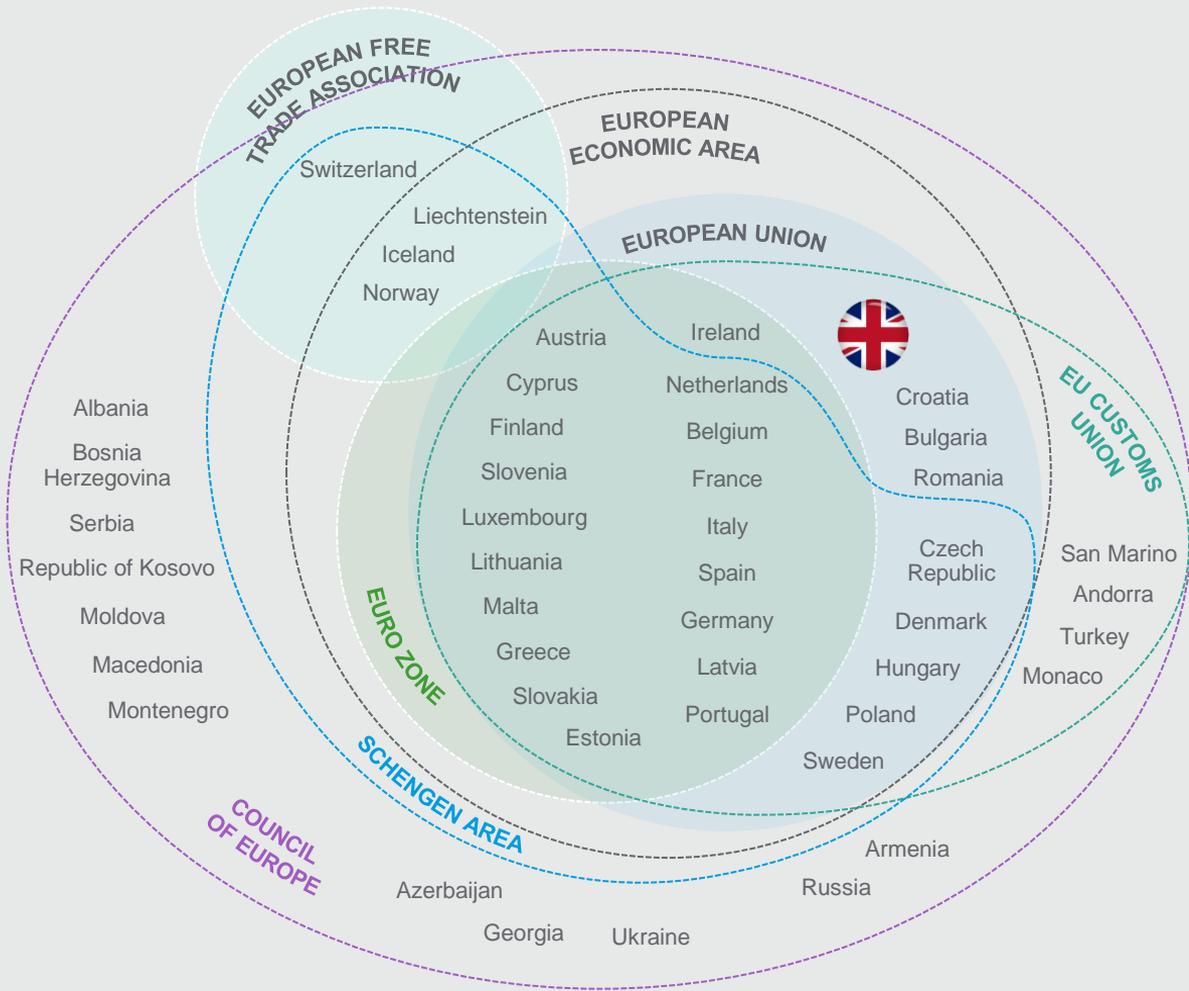
Partner, Indirect Tax

brad.ashton@rsmuk.com

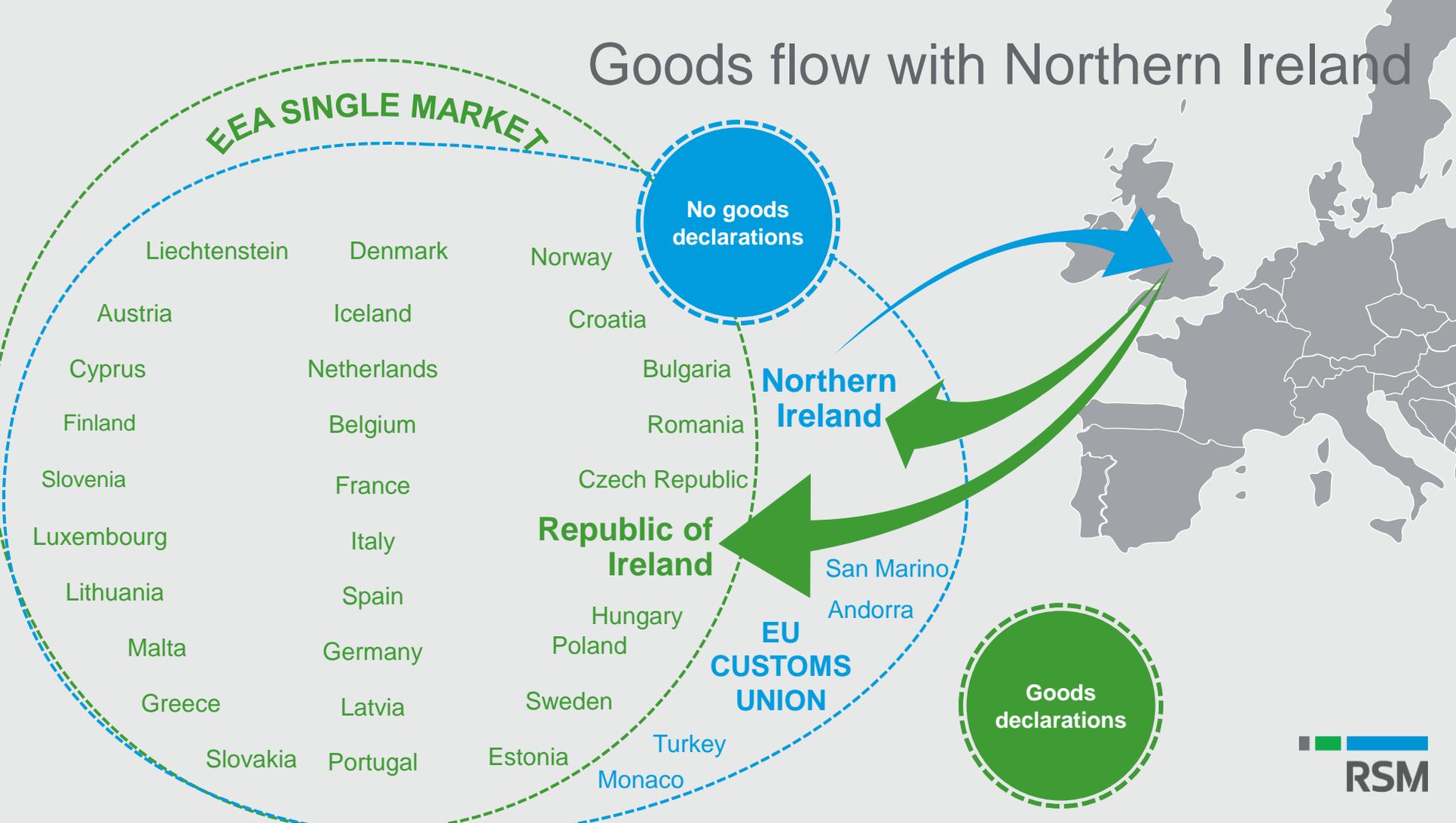


The Trade and Co-operation Agreement





Goods flow with Northern Ireland





The Trade and Co-operation Agreement

Positives

No tariffs on trade in goods

No quotas

Roll over trade deals

No data localisation provisions

Negatives

No equivalence in financial and business services

No passporting rights

No mutual recognition of professional qualifications

Rules of origin (55%)

End to free movement (90 days in 6 months)

Roll over trade deal



-
- Canada
 - South Korea
 - Singapore
 - South Africa
 - Turkey
 - Switzerland
 - Mexico
 - Norway
 - Japan
 - Vietnam



Practical impacts of Brexit

<p>1 January 2021</p>	<ul style="list-style-type: none">• The UK left the Single Market & Customs Union.• Customs declarations and controls were placed on the movement of goods between GB and the EU.• Imposition of additional controls on goods moved to NI from GB.
<p>Were businesses ready?</p>	<ul style="list-style-type: none">• 1 in 4 companies are prepared for the UK's departure from the EU.• Was the key infrastructure ready?• Were Customs authorities ready?
<p>130 days in</p>	<ul style="list-style-type: none">• Has it been the immediate disaster many forecasted?• Have supply chains been impacted?• Any early lessons learned?



The imposition of the UK's borders with the EU

<p>1 January 2021</p>	<ul style="list-style-type: none">• Basic customs requirements.• 6 months to complete customs declarations if required.• New UK Global Tariff will be in place.
<p>From April 2021 Now from October 2021</p>	<ul style="list-style-type: none">• Certain goods will require pre-notification.• Physical checks will continue at point of destination until July 2021.
<p>From July 2021 Now from 1 January 2022</p>	<ul style="list-style-type: none">• Businesses moving any goods will have to make full customs declarations and pay relevant tariffs.





Key practical issues

Northern Ireland (NI) Border

- Grace periods for implementing post-Brexit checks on goods going from Great Britain (GB) to NI are at the centre of tensions between the EU and UK and we have seen a number of high profile British retailers suspend import of goods into NI.

Rules of Origin

- In order for goods moving between the UK and EU to obtain tariff-free access, they must have 'originating' status within the UK or EU. This is demonstrated by meeting preferential rules of origin, for example.
- Change of tariff heading: when the work undertaken in a country changes the tariff heading of the goods.
- Sufficient value-added: originating state contributes a minimum percentage of the value of a product.
- Specific processing: Finished products can qualify when specific working or processing activities are carried out. For example, a rule may require clothing products to be manufactured from yarn.



Key practical issues



Customs and Duty challenges

- A quirk of the EU Commission Guidance deems the redistribution of qualifying goods sourced and imported by UK retailers from the EU, that are then sold back to EU customers, do not qualify under rules of origin and are subject to duty going back into the EU.

Inflexibility of freight companies

- Freight companies moving goods to and from the EU have been operating under the same rules with their own systems for many years and have been slow to provide the flexibility.

Customer returns

- Perhaps the biggest unexpected issue to be resolved.



UK specific development

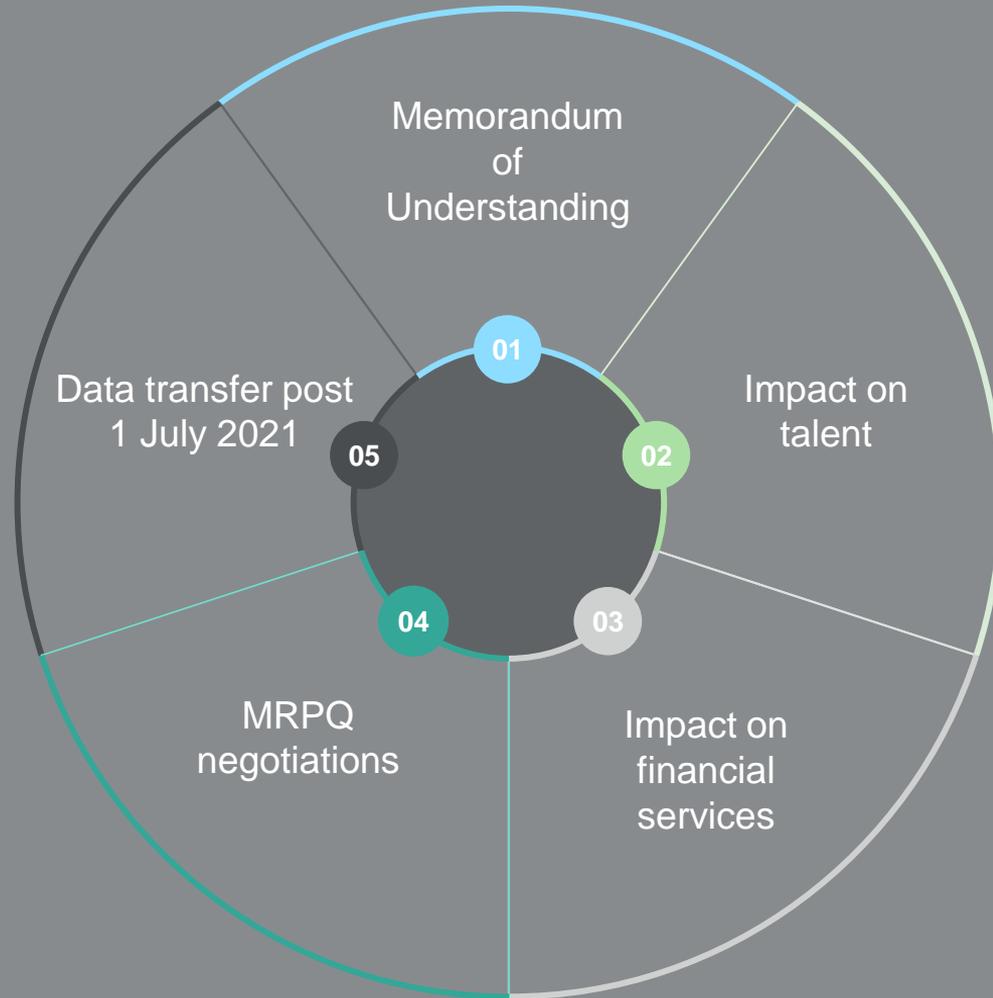
Freeports

- Free Zones or Freeports?
- A Freeport is a special economic zone external to UK economy allowing:
 - simplified planning laws; and
 - tax breaks to encourage construction, investment and job creation.
- Favourable tariffs, VAT and duty treatment:
 - Duty suspension
 - Duty inversion
 - Duty exemption for re-exports
 - Simplified customs procedures
- Sting in the tail?





What's next?





RSM UK

www.rsmuk.com/ideas-and-insights/coronavirus-hub

www.rsmuk.com/global-growth

www.rsmuk.com/international-business-services

www.rsmuk.com/brexit



RSM US

www.rsmus.com/economics



rsmuk.com

The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm each of which practises in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction. The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug. RSM Corporate Finance LLP, RSM Restructuring Advisory LLP, RSM Risk Assurance Services LLP, RSM Tax and Advisory Services LLP, RSM UK Audit LLP, RSM UK Consulting LLP, RSM Employer Services Limited, RSM Northern Ireland (UK) Limited and RSM UK Tax and Accounting Limited are not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services because we are members of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide. RSM Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317, to undertake reserved and non-reserved legal activities. It is not authorised under the Financial Services and Markets Act 2000 but is able in certain circumstances to offer a limited range of investment services because it is authorised and regulated by the Solicitors Regulation Authority and may provide investment services if they are an incidental part of the professional services that it has been engaged to provide. Baker Tilly Creditor Services LLP is authorised and regulated by the Financial Conduct Authority for credit-related regulated activities. RSM & Co (UK) Limited is authorised and regulated by the Financial Conduct Authority to conduct a range of investment business activities. Whilst every effort has been made to ensure accuracy, information contained in this communication may not be comprehensive and recipients should not act upon it without seeking professional advice.

© 2020 RSM UK Group LLP, all rights reserved