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Top tips for businesses in the event of a no-deal Brexit

by **Marco Hickey, Emma Creaven**

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The United Kingdom (UK) left the European Union (EU) on 31 January 2020. There is a transition period in place until 31 December 2020 during which the UK remains in the EU's custom union and single market. This means that EU rules on trade and the free movement of goods are still applicable.

As the prospect of a no-deal Brexit looms ever closer, we discuss our top tips for businesses for overcoming some of the challenges that will arise if no new agreement or trade deal is negotiated between the EU and the UK.

No deal

In the event of a no-deal Brexit, the UK will be classified as a third country, and as a consequence, all of the current rules and regulations in place in relation to free trade will lapse and instead the World Trade Organisation's (WTO) trade rules and tariffs will apply as the default position.

What does this mean in practice?

The UK will be deemed to be a non-EU country and those trading with the UK must take certain steps regarding the importation and exportation of goods to and from the UK, along with the movement of goods through the UK from one EU country to another (goods in transit).

Top tips

1. **Businesses trading (both importing and exporting) with the UK** should review supply chains and consider which parts of the business would be most impacted in the event of a no deal, along with the parts of the business which rely heavily on supplies to and from the UK. A review of this nature will ensure that the movement of goods both into and out of the UK will run as efficiently as possible, given that a no deal will lead to increased customs duties and delays with the movement of goods due to increased customs checks and subsequent customs clearance.
2. **Customs declarations (import and export declaration)** will be required to move goods from Ireland to the UK and from the UK to Ireland. Businesses importing goods from the UK should obtain an Economic Operators Registration and Identification number (EORI) number. An EORI number can be obtained through an application on the Irish Revenue Commissioner's website, and once obtained, the number is a common reference for interacting with customs authorities across the EU Member States.
3. **Customs duties** will be applicable to imported goods from the UK into Ireland, and from Ireland into the UK. Businesses should be aware that customs duties will not be recoverable, and therefore businesses will incur additional costs when goods are imported. The cost of importation associated with the goods will vary depending on the classification of the goods. Goods will also have an assigned commodity code. Information relating to classification of goods and codes can be found on TARIC, an online database. Businesses must ascertain the classification and code of the goods involved, as these will be required when making the customs declarations. Commodity codes also indicate whether a particular classification of goods will be relieved from any customs duties payable

and whether there are any licensing requirements, if importing or exporting prohibited or restricted goods.

4. Businesses should maintain and retain documentation relating to the **origin of the goods**, as it will be needed for the customs declaration.
5. Businesses should consider the **cost of VAT** associated with the import of the goods from the UK to Ireland, as in the event of a no-deal, VAT (currently 21% until 28 February 2021) will be payable when importing the goods into Ireland.
6. Businesses should also consider the option of setting up a **deferred payment account with the Irish Revenue Commissioners**, to help alleviate the payments associated with the import VAT and import duty payments. Once set up, payment can be made one month following the month of import of the goods.

Thoughts

As the situation evolves, businesses should keep up-to-date with the latest developments and ensure that as much thought and preparation as possible takes place prior to the end of the transition period to avoid any unnecessary repercussions.

If you wish to discuss any queries, please contact a member of our team.

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