



BREXIT: Be Prepared

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INTRODUCTION

For many Northern Ireland businesses, the disruption and upheaval caused by the COVID-19 pandemic has resulted in Brexit Planning being put 'on ice' as efforts and resources have understandably needed to be deployed elsewhere to react to the crisis, with companies in many sectors operating in survival mode.



Despite the ongoing uncertainty and negative economic impact due to coronavirus, Brexit is once again front and centre of the agenda as the end of the transition period on 31 December 2020 fast approaches.

While there are some positive noises coming out of the ongoing negotiations between the UK and the EU, it is clear that there are significant areas where agreement has not been reached, and considerable uncertainty remains as to whether any trade deal can be reached.

That said, NI businesses still need to plan for Brexit and keep abreast of the latest developments. Irrespective of whether a deal is reached, Brexit will still result in fundamental changes in how business is conducted post 1 January 2021. Northern Ireland's unique position as the only part of the UK with a land border with the EU will doubtless give rise to an additional VAT and Customs compliance burden for NI businesses compared to those in GB, particularly if no deal is reached. However, the Northern Ireland Protocol to the Withdrawal Agreement allowing Northern Irish businesses to trade in goods with the EU market on the same basis as in does now, should be viewed as a tremendous opportunity for the NI economy.

At ASM we are geared to continue to work to assist our clients, through the challenges raised by the changes surrounding Brexit. This guide provides summary guidance on key areas, as well as laying out financial assistance that is available to help with the planning process. It is our aim to keep our clients as informed as possible, and to provide timely and relevant Brexit updates over the coming weeks. The last page of the guide lists your main Brexit point of contact at each of our offices.

If the last seven or eight months have taught us anything, it is that NI businesses are resilient and have demonstrated an incredible ability to change and adapt during extremely challenging times. Brexit will doubtless bring further challenges, but also potential opportunities as well. Whether or not a deal is reached, we look forward to working with our clients to navigate the optimal path through a further period of upheaval and change.

BREXIT PLANNING TOP TIPS

1 Apply for an EORI number

If you trade with non-EU countries currently you will likely have an EORI number already, but even if you only trade with GB you should apply for one now (www.gov.uk/eori). Application for an EORI number is straightforward and there is no downside to having an EORI number which never gets used.

2 Sign up to the Trader Support Service

The Trader Support Service (www.gov.uk/guidance/trader-support-service) provides training and support for businesses for customs processes that will arise for goods moving between GB and NI, for example understanding Incoterms and in making declarations for goods moving from GB to NI.

3 Review your supply chain

While it may be too late to make wholesale changes to supply chains, you should ensure that you have a clear understanding of how and where goods move across borders within your supply chain and the potential impact Brexit could have in terms of additional costs and delays and take steps to mitigate where possible.

4 Know the Commodity Codes for the goods you buy from / sell to GB and speak to your Freight Agent

For trade to/from GB, find out the commodity codes for the goods you purchase and sell. Commodity codes can be checked using the Trade Tariff (www.gov.uk/trade-tariff). Find out the tariffs applicable under the EU Common External Tariffs and UK Global Tariff (UKGT). Check the information that your Freight Agent will require from you, who will be responsible for submitting Customs Declarations and the cost of doing this.

5 Speak to GB suppliers

Make sure you have discussions with your GB suppliers to ensure they are aware that there will be changes for supplying goods into NI from 1 January 2021 and determine if the Incoterms (terms of trade agreed between supplier and customer) will remain unchanged and who will make any Customs declarations required. Advise your GB supplier to register for the Trader Support Service.

6 Speak to EU customers

Ensure that EU customers are aware that the NI Protocol means that NI businesses will be able to trade in goods post-Brexit on the same basis that they can now. EU customers may perceive incorrectly that as Northern Ireland is part of the UK, that the rules for trading in goods with an NI business will be different post-Brexit.

7 Review your Employees' right to work in the UK

Carry out a review of your Employees' nationalities and ensure members of your workforce who are EEA citizens (excluding Irish nationals) are aware that they need to apply to the EU Settlement Scheme (www.gov.uk/settled-status-eu-citizens-families) to continue living in the UK after 30 June 2021. Also consider the need to apply for an Immigration Sponsorship Licence (www.gov.uk/uk-visa-sponsorship-employers) where you intend to hire EU nationals (excluding Ireland) or non-EU nationals.

8 Take advice and avail of financial assistance

Support is available! Seek advice from your point of contact at ASM, who can assist with availing of funding, for example IntertradeIreland's £2,000 Brexit Planning Voucher or Invest NI's Brexit Preparation Grant – see further details on page 10.

VAT & NI PROTOCOL

There will be a new VAT regime in Northern Ireland from 1 January 2021, irrespective of whether the UK and EU reach agreement on a trade deal by the end of the transition period on 31 December 2020. NI business must therefore be prepared for change.

The Protocol on Ireland/Northern Ireland to the Withdrawal Agreement which is designed to avoid a hard border on the island of Ireland means NI will be aligned to EU VAT Law for trade in goods. GB businesses will have a different set of VAT rules for trading in goods, although both NI and GB businesses will still report to HM Revenue and Customs.

Note that there are still some differences between the UK and the EU on the detail of how the NI Protocol should be implemented.

For supply of services, UK wide rules will apply, with GB and NI businesses aligned. Supplies of services by NI businesses to business customers based outside the UK will continue to be outside the scope of UK VAT.

Supplies of goods from NI to EU (including Ireland) and from EU (including Ireland) to NI:

- The VAT treatment will remain unchanged from the current treatment as zero-rated intra-EU dispatches and acquisitions – this represents a great opportunity for NI businesses to have access the EU market in a way which GB businesses (in the absence of a deal) will not be able to.
- The EU will grant NI businesses an EU VAT identification number - a 'XI' country prefix on their UK VAT number - to enable them to report goods transactions after 31 December 2020.
- NI businesses will still have to fulfil EU reporting requirements for goods (eg. EC Sales Lists / Intrastat Returns), and will also still be subject to B2C Distance Selling registration rules (until 1 July 2021 when new a new single VAT Return will take effect (OSS, One-Stop-Shop).
- NI businesses will still be able to avail of the simplified procedure for triangulation (where an NI business is an intermediate supplier, but the goods are shipped directly between two other EU countries) to avoid the need to register for VAT in other EU member states.
- NI businesses will also still be able to reclaim EU VAT incurred via the electronic cross-border refund system.

Supplies of goods from NI to GB and from GB to NI

- As NI is aligned to the EU Law for the purposes of goods, supplies from NI to GB and from GB to NI will be classed as exports and imports from 1 January 2021.
- However, HM Revenue and Customs has released guidance on 26 October 2020, confirming that, in line with an approach allowed under Articles 201 and 211 of Directive 2006/112/EC, VAT will continue to be accounted as it is currently on goods sold between Great Britain and Northern Ireland.



- This means that the seller of the goods (either in NI or GB) will continue to charge its customers VAT and should show this on its invoices. The VAT charged will be accounted for as output VAT on the VAT return in the same box as it is now.
- Where the customer receives an invoice from the seller showing that VAT has been charged, it may use this as evidence in order to reclaim the VAT as input VAT, subject to the normal rules.

Supplies of goods from EU to GB and GB to EU

- From 1 January 2021, such supplies will be treated as zero-rated imports and exports.
- The UK Government has advised that it will allow postponed accounting for import VAT via the VAT return.
- Postponed import VAT accounting will also apply for GB businesses on purchases from the Rest of the World (RoW).
- Ireland is also introducing measures to allow postponed import VAT accounting via the next VAT return.
- Postponed import VAT accounting will offer a cashflow advantage, compared to having to pay import VAT up front and then recovering it later.

Supplies of goods from NI to RoW (excluding EU and GB) and RoW to NI

- Such supplies will continue to be treated as zero-rated exports and imports.
- Postponed import VAT accounting will apply for NI businesses on purchases from RoW.

B2B Movement	Goods Movement	VAT Treatment
EU to NI/ NI to EU	Intra-community dispatch/arrival	Follows current intra-EU procedure. VAT zero-rated. Includes Intrastat and EC Sales Listings declarations at both ends.
Northern Ireland to Great Britain	Export from NI Import into GB	VAT accounted for as normal by the NI seller VAT recovered as normal by the GB customer
Great Britain to Northern Ireland	Export from GB Import into NI	VAT accounted for as normal by the GB seller VAT recovered as normal by the NI customer
EU to GB / GB to EU	Import / Export	VAT Zero-rated. Postponed import VAT accounting available in GB and RoI.
NI to RoW / RoW to NI	Import / Export	VAT Zero-rated. Postponed import VAT accounting applies in NI.

CUSTOMS

On 1 January 2021, the UK as a whole will leave the EU's customs union and Northern Ireland will remain unequivocally part of the UK's customs territory and benefit from UK Free Trade Agreements.

However, under the Protocol, Northern Ireland will continue to enforce the EU's customs rules and follow its rules on product standards (known as the single market on goods).

The terms of the Protocol mean an all-Ireland economy is preserved with no Tariffs, customs controls or border checks applied to the trade in goods between Ireland and Northern Ireland allowing for frictionless trade North/South.

GOODS TRADE

Northern Ireland to GB

The UK Government has guaranteed in legislation unfettered access for Northern Ireland's businesses to the rest of the UK internal market from 31 December 2020, which should mean there will be no additional process, paperwork, or restrictions on Northern Ireland goods moving to Great Britain.

However, it is still subject to agreement with the EU that no export or exit summary declaration on departure from NI will be required.

GB to Northern Ireland

The Protocol requires movements of goods from GB to NI to be treated as imports in NI.

The UK Government has stated that no export or exit declarations will be required for goods leaving Great Britain for Northern Ireland.

The Trader Support Service (TSS), will provide support for NI businesses by recording electronic information on goods movements and dealing with formalities (such as import declarations and safety and security information) on behalf of traders, at no additional cost.

The Protocol requires a UK-EU Joint Committee decision on the application of tariffs on 'at risk' goods moving into Northern Ireland.

'At risk' goods are yet to be defined, but the ultimate destination of goods (eg. whether they are moved on to Ireland/the EU) will be an important factor, so if goods do not move out of Northern Ireland, a tariff should not ultimately apply on internal UK trade, but may have to be paid and then refunded.

Northern Ireland to / from the EU

There will be no change for the movement of goods covered by the Protocol between Northern Ireland and EU Member States, including Ireland.

As a result there will be no new paperwork; no tariffs, quotas or checks on rules of origin; nor any barriers to movement within the EU Single Market for goods in free circulation in Northern Ireland.

No EU Member State will be able to apply any tariff or related barriers to goods from Northern Ireland. Northern Ireland businesses will therefore enjoy the guaranteed ability to trade freely within the EU Single Market.

Ireland/EU to / from Great Britain

Customs controls will apply to the movement of goods between Ireland and Great Britain when the transitional period expires.

Customs Tariffs will apply to trade between Ireland and Great Britain unless relieved under a free trade agreement.

A free trade agreement will only apply to goods of EU or UK origin. For example it would not remove potential tariffs on goods imported into Ireland from outside the EU which are subsequently sold on to customers in the UK.

Northern Ireland to / from the Rest of the World

The overall process for trading between Northern Ireland and non-EU countries will continue broadly as it does today.

Northern Ireland will be able to benefit from future UK FTAs, but tariffs may apply for goods imported from the rest of the world which are deemed to be 'at risk' of moving into the EU and where UK and EU tariffs differ.

Businesses importing into Northern Ireland from the rest of the world will also be eligible for the Trader Support Service.

EMPLOYMENT CONSIDERATIONS

British and Irish Citizens: Common Travel Area (CTA)

The UK Government has confirmed that Common Travel Area (CTA) and associated rights between the UK, Ireland and the Crown dependencies will be unaffected by Brexit. Irish and British citizens will continue to enjoy freedom to travel and work within the CTA without the need for immigration controls or residence/work permits. Irish citizens will not need to obtain settled status in the UK.

EU Settlement Scheme

Where EEA citizens (excluding Irish nationals) wish to continue living in the UK after 30 June 2021, they need to apply to the EU Settlement Scheme (www.gov.uk/settled-status-eu-citizens-families). Individuals who are successful in their applications will then be granted 'pre-settled' or 'settled' status in the UK, both of which allow that individual to continue living and working in the UK after 30 June 2021.

EU Settlement Scheme

From 1 January 2021, once freedom of movement with the European Union (EU) has ended, the UK is moving to a new points-based immigration system (www.gov.uk/guidance/new-immigration-system-what-you-need-to-know). It will treat EU and non-EU citizens equally and aims to attract people who can contribute to the UK's economy.

Irish citizens will continue to be able to enter and live in the UK as they do now. As an employer, from 1 January 2021, you will need a sponsor licence to employ EEA and Swiss citizens coming to the UK to work. Currently, licences are only required to employ someone from outside the European Economic Area (EEA) and Switzerland. Further details on the process to apply for a licence can be found here: (www.gov.uk/uk-visa-sponsorship-employers)



FURTHER GUIDANCE AND FINANCIAL ASSISTANCE

If you have any queries in relation to how Brexit will impact your business, please do not hesitate to contact one of the individuals listed at the end of this guide.

There is an abundance of useful information available online, but be wary of guidance that may already be / or will become out of date where further developments and changes occur as the end of the Transition Period approaches.

We are working with a significant number of clients on Brexit planning projects and we would draw your attention in particular to the financial assistance that is available from Intertradelreland and InvestNI.

InterTradelreland

- InterTradelreland's Brexit Advisory Service provides a range of free services to help local businesses deal with the changes that the UK leaving the EU poses (<https://intertradeireland.com/brexit>)
- InterTradelreland also offers a Brexit Planning Voucher to help businesses navigate through future changes and ASM are on its panel of advisors. The voucher offers 100 per cent financial support up to £2000/€2250 (inclusive of VAT) towards professional advice in relation to Brexit matters. This support can help your business get advice on specific issues such as the movement of labour, goods, services and currency management.

Invest NI

- The online service offers advice and support through information guides, as well as, tools, case studies and online tutorials. It highlights the support available from Invest NI to help local businesses plan ahead. (<https://www.investni.com/prepare-for-eu-exit>)
- Invest NI's EU Exit resilience tool is designed to enable businesses take a view on where their strengths lie, where they may be vulnerable following the UK's exit from the EU and what action they may need to take.
- Invest NI also offer a Brexit Preparation Grant to existing customers:
- (<https://www.investni.com/prepare-for-eu-exit/brexit-preparation-grant>)

FURTHER GUIDANCE AND FINANCIAL ASSISTANCE

NI Chamber of Commerce and Industry

- The NI Chamber Brexit Hub includes information to help businesses prepare for Brexit including a Business Brexit checklist, Brexit FAQ's and a list of Brexit resources .
- The NI Chamber Brexit Consultancy service provides practical assistance to members in planning for the potential implications of Brexit.
(<http://www.northernirelandchamber.com/policy/overview/ni-chamber-brexit/>)

Further useful resources include:

- Gov.uk: (<https://www.gov.uk/transition>),
- Gov.ie: (<https://www.gov.ie/en/campaigns/b2c18-getting-ireland-brexit-ready/>)
- EU Commission: (https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/getting-ready-end-transition-period_en)

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