

BUSINESS BREXIT RISK REGISTER: UPDATED FEBRUARY 2019

For companies across the United Kingdom, the ultimate test of any Brexit deal is whether it delivers clear answers to the practical, real-world questions businesses face. Firms of every size and sector need clarity in order to take decisions, invest and prepare for the future. As HM Government negotiates a future partnership between the UK and the EU, the British Chambers of Commerce is assessing progress on 24 business-critical issues. Following the publication of UK government contingency planning, and as negotiations continue, we find that 15 issues remain 'red', 6 'amber' and 3 'green'.

AREA	BUSINESS ISSUE	WHAT BUSINESSES NEED TO KNOW	RAG
PEOPLE	ACCESS TO EU WORK FORCE	Will I be able to hire EU nationals in future – and under what conditions?	Green
	BUSINESS TRAVEL	Will business travel between the UK and the EU involve further administration, costs or visas?	Amber
	STAFF TRANSFERS	Will my business be able to move skilled staff members between the UK and the EU in future?	Amber
FUNDING	HORIZON 2020	Will UK firms and institutions be able to participate in European R&D projects after 2020?	Amber
	EUROPEAN INVESTMENT BANK	Will UK projects be eligible for support from the EIB after 2020?	Red
	ESIF FUNDS UK REPLACEMENT	How will the UK replacement for EU Funds work, and how can my company access opportunities?	Red
TAX	IMPORT VAT	Will I need to pay VAT on goods at point of import? Will I be able to use postponed accounting or have access to more generous deferment account terms to offset the cash-flow issues?	Green
	SERVICES VAT	Will I need to become VAT-registered in every EU Member State where my firm has clients?	Red
REGULATION	REGULATORY AGENCIES	Which regulator will be overseeing my business in the future, and what rules do I need to follow? Is the UK government going to charge businesses for the creation of new regulatory agencies in the UK?	Amber
	PRODUCT TESTING	Will conformity assessments on products conducted by a UK body will continue to be sufficient for the product to be sold on the EU market?	Red
	DISPUTE RESOLUTION	What dispute resolution and means of redress will be available to my business in the future?	Red
STANDARDS	INDUSTRIAL STANDARDS	What industrial standards will my firm need to comply with in the future, and will the UK stick with the European model that we have strongly influenced?	Green
DIGITAL	MOBILE ROAMING	Will my business have to pay mobile roaming charges in the EU after Brexit?	Amber
	CUSTOMER DATA	Will my business continue to be able to hold and transfer data and personal information without any interruptions after we have left the EU?	Red
TRADE	TARIFFS	Will I be able to continue trading without tariffs with the EU in the future?	Red
	RULES OF ORIGIN	What rules of origin will I need to comply with once the UK has left the EU? Will I be able to count UK and EU content as single origin, both when trading with the EU and with third countries?	Red
	CONTINUITY OF EU FTAS	Will my company still have access to markets on the same terms as now once we have left the European Union?	Red
	BUSINESS ENGAGEMENT STRUCTURE	How will my business be able to contribute directly to future trade negotiations?	Amber
	AVIATION	Will I still be able to fly people and/or goods between the UK and the EU after Brexit day – or could travel be disrupted?	Red
BORDERS	CUSTOMS	Will my goods be subject to new customs rules, procedures and inspections at the UK or EU border in future? Could my shipments be held up and delayed?	Red
	INSPECTIONS	Will there be new health or safety-related inspections at the UK-EU border that my company will need to deal with?	Red
	DECLARATIONS	Will I need to do additional customs-related paperwork, including import and export declarations, when trading with the EU?	Red
	TRUSTED TRADER SCHEMES	Will my business be able to become a 'trusted trader' to move quickly through borders in future – and what will the process be?	Red
	IRELAND	What, if any, procedures will my company face trading cross-border between Northern Ireland and the Republic of Ireland?	Red

BUSINESS BREXIT RISK REGISTER: UPDATED FEBRUARY 2019

AREA	BUSINESS ISSUE	RAG	COMMENTS
PEOPLE	ACCESS TO EU WORK FORCE	Orange	The Home Office published the Employer Toolkit for the EU Settlement Scheme for EU Citizens over the summer and is trialing its operation. The government has published the Immigration White Paper. The Technical Notice and further details of the No Deal arrangements for EU Citizens are now available.
	BUSINESS TRAVEL	Orange	
	STAFF TRANSFERS	Orange	Under the terms of the Withdrawal Agreement, it would be business as usual for business travel and staff transfers in the short-term, and the Political Declaration aspires to minimal change in the longer term. Until a post-implementation framework is agreed, it is uncertain how the boundary between pre and post transition period will work for staff transfers or how the final rules will work. In the event of a 'no deal' Brexit, EU citizens resident in the UK before 29 March would still be able to apply for settled status. Citizens arriving on or after 30 March will be able to visit, work or study in the UK for up to 3 months, or apply for European Temporary Leave to Remain for up to 36 months.
FUNDING	HORIZON 2020	Orange	In the event of no deal, the Government would guarantee payment of monies to UK businesses that made successful bids into the fund before the UK exits the EU. But this falls short of a Green because questions remain about how businesses operating in consortia and / or dispersing monies to overseas suppliers will be supported as the guarantee is restricted in scope. How will the UK replacement for EU Funds work, and how can my company access opportunities?
	EUROPEAN INVESTMENT BANK	Red	
	ESIF FUNDS UK REPLACEMENT	Red	
TAX	IMPORT VAT	Green	According to the UK's Technical Notices, in the event of no deal, the UK will introduce postponed accounting – the same system that is currently in place for intra-EU trade. This measure will significantly reduce the cash-flow burden on UK businesses and gives much-needed certainty on this critical business area.
	SERVICES VAT	Red	
REGULATION	REGULATORY AGENCIES	Orange	Many of the technical notices lay out details of how compliance regimes, reporting and licensing requirements will change under the different Brexit scenarios. However, plenty of gaps remain - including how enforcement will work in practice. It is now confirmed that there would be significant differences between a 'no-deal' scenario and an EU exit based on the Withdrawal Agreement: UK companies placing goods on the EU market after Brexit in a no-deal scenario will need to use testing houses based in the EU. Firms can transfer their files to an EU-based body outside the UK ahead of Brexit (while there is still mutual recognition under the terms of current membership) but if this is not done, they would need to re-test their products at an EU testing house.
	PRODUCT TESTING	Red	
	DISPUTE RESOLUTION	Red	
STANDARDS	INDUSTRIAL STANDARDS	Green	BSI will remain a member of the European standardisation system (CEN and CENELEC) post-Brexit.
DIGITAL	MOBILE ROAMING	Orange	With a withdrawal agreement in place, mobile roaming charges will not apply until at least December 2020. In the event of a 'no deal' Brexit the government has committed to legislate to retain a financial limit (£45 per month) for data use charges incurred abroad. In either eventuality, what happens after the transition period ends or a no deal Brexit starts will also depend on the mobile operators. The Information Commissioner's Office (ICO) has published a checklist of steps that businesses can take now to start preparing for data protection compliance if the UK leaves the EU on 29 March 2019 without a deal. During the transition period of the Withdrawal Agreement businesses would face 'business-as-usual' arrangements for the handling and protection of data. The EU will provide an assessment of the UK's data protection standards through its 'adequacy framework' by the end of 2020, with comparable activities in the other direction from the UK. There is a commitment to cooperation between regulators.
	CUSTOMER DATA	Red	
TRADE	TARIFFS	Red	The Withdrawal Agreement provides for a business-as-usual transition period, which may be extended, and a 'Backstop' arrangement to keep the border between Northern Ireland and the Republic of Ireland open if agreement cannot be reached on how to achieve this via a future UK-EU agreement on trade arrangements. Despite statements of aspiration, the application of EU FTAs for UK businesses remains unconfirmed. Given the vast differences between a no deal Brexit and a Withdrawal Agreement outcome with transition period, plus speculation about what a 'managed no-deal' might mean at frontiers, a Red rating remains appropriate. HMRC has sent out letters to businesses with some calls to action and planning advice to prepare for trade on WTO terms but this falls short of certainty on future trading conditions.
	RULES OF ORIGIN	Red	
	CONTINUITY OF EU FTAS	Red	
	BUSINESS ENGAGEMENT STRUCTURE	Orange	
	AVIATION	Red	
BORDERS	CUSTOMS	Red	As above, there are vast differences between a deal-based outcome and no deal with the application of customs checks and declarations in one scenario and business as usual (at least in the short term) in the other.
	INSPECTIONS	Red	
	DECLARATIONS	Red	
	TRUSTED TRADER SCHEMES	Red	
	IRELAND	Red	