

SEVEN THINGS

BUSINESSES IN THE EU27 NEED TO KNOW

In order to prepare for Brexit

July 2018

The United Kingdom (UK) will leave the European Union (EU) on Friday 29 March 2019 at midnight. This is exactly two years after it notified the European Council of its intention to withdraw.

As of 30 March 2019, the UK will be a third country. It is now urgent that businesses in the EU start preparing for the UK's withdrawal, if they have not yet done so.



1. YOU NEED TO PREPARE FOR 30 MARCH 2019

- If the Withdrawal Agreement is ratified before 30 March 2019, most of the legal effects of Brexit will apply as of **1 January 2021**, i.e. after a transition period of 21 months, the terms of which are set out in the draft Withdrawal Agreement.
- In the absence of a Withdrawal Agreement, there will be no transition period and EU law will cease to apply to and in the UK as of **30 March 2019**.

The negotiations between the EU and the UK on the terms of the Withdrawal Agreement are still ongoing. Once negotiations have concluded, the Withdrawal Agreement will need to be ratified. The future relationship between the EU and the UK can only be negotiated after the UK has left the EU.

In addition, even if the Withdrawal Agreement is ratified and an agreement on the future relationship is successfully concluded during the transition period, this relationship will not be that of a Member State of the EU.

Therefore, all businesses concerned have to prepare, make all necessary decisions, and complete all required administrative actions, before 30 March 2019 in order to avoid disruption.



2. RESPONSIBILITIES IN THE SUPPLY CHAIN

Under EU law, businesses have different responsibilities depending on where they are situated in the supply chain (e.g. manufacturer, importer, wholesale distributor, etc.). For example, post-Brexit, if EU27 businesses that buy goods from the UK are considered as importers for the purposes of EU product legislation, they will have another set of obligations under EU law. If you receive products from the UK, you should assess your responsibilities under EU law now.



3. CERTIFICATES, LICENSES, AND AUTHORISATIONS

If your activity relies on certificates, licenses or authorisations issued by UK authorities or by bodies based in the UK – or held by someone established in the UK – these may no longer be valid in the EU post-Brexit. You may need to transfer or seek new ones issued by an EU27-based body or authority. This is the case, in particular, for certificates, licenses and authorisations issued for goods (for example in the automotive sector, or the medical devices sector) and for services (for instance in the transport, broadcasting, or the financial sector). You should now take all the necessary steps to transfer certificates, licences or authorisations issued in the UK to the EU27, or obtain new ones.



4. CUSTOMS, VAT AND EXCISE

For customs and indirect tax, it makes a big difference if you are moving goods within the EU or to/from a third country. Doing business with the UK post-Brexit will become more complex in terms of customs and VAT procedures. If you trade with companies in the UK, you should get acquainted with the EU procedures and rules that will apply post-Brexit, in particular if you have so far had little or no experience in trading with third countries.



5. RULES OF ORIGIN

When exporting products to third countries with which the EU has a Free Trade Agreement, exporters may enjoy a preferential tariff rate if the products have enough «EU content» according to rules of origin. Post-Brexit, you can no longer count on UK input to the finished product being considered as EU content. You should therefore examine your supply chains and start treating any UK input as “non-originating”, in order to ensure EU preferential origin for your goods.



6. PROHIBITIONS AND RESTRICTIONS FOR IMPORT/EXPORT OF GOODS

To protect health and safety and the environment, EU rules restrict the import/export of certain goods to and from third countries – for example, live animals, products of animal origin, and some plants and plant products, such as wood packaging. Imports/exports of certain commodities are subject to specific permits or notifications, for example in the case of radioactive material, waste, or some chemicals. Post-Brexit, goods destined to or coming from the UK will be subject to these EU rules. You should take the necessary steps to ensure compliance with the EU's import/export prohibitions and restrictions.



7. TRANSFER OF PERSONAL DATA

Currently, personal data can flow freely between the Member States of the EU. Post-Brexit, the transfer of personal data from the EU to the UK is still possible, but it will be subject to specific conditions set in EU law. Companies that are currently transmitting personal data to the UK should be aware that this will become a «transfer» of personal data to a third country. If the UK's level of personal data protection is essentially equivalent to that of the EU, and certain conditions are fulfilled, the European Commission may adopt an adequacy decision which allows for transfer of personal data to the UK without restrictions. However, companies should assess whether, in the absence of an adequacy decision, measures are necessary to ensure that these transfers remain possible.



CHECK THE EUROPEAN COMMISSION'S PREPAREDNESS NOTICES

Brexit may impact businesses in the EU27 in many other ways too. For example this concerns rules for companies registered solely in the UK but conducting business in the EU27, compliance of goods placed into the EU market, choice of auditors, choice of jurisdiction in contracts, and the recognition of professional qualifications. Check the European Commission's [preparedness notices](#)¹ and seek advice if any of these changes may affect your business.



WHERE CAN I FIND MORE INFORMATION AND WHO CAN ASSIST ME?

- The European Commission's website has over 60 [preparedness notices](#)² on a wide range of economic sectors. They are meant to help all market participants prepare.
- Consult the websites of the European Commission's [departments and agencies](#)³ active in the area that concerns you and your business.
- To get additional information and assistance, contact your national authorities, your local Chamber of Commerce and Industry, or your industry association.

This document is presented for information purposes only and should not be understood as a legal text. Its content is without prejudice to the negotiations on the Withdrawal Agreement and the discussions on the future EU-UK relationship.

¹ https://ec.europa.eu/info/brexit/brexit-preparedness_en

² https://ec.europa.eu/info/brexit/brexit-preparedness_en

³ https://ec.europa.eu/info/departments_en

