Brexit readiness update
11 February 2019

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Political developments

Following the recent series of votes in the UK parliament, Theresa May met with EU representatives in Brussels on 7 February with the aim of reopening the Withdrawal Agreement. While the EU continues to refuse the agreement’s renegotiation, it is open to adding words to the non-binding future relationship document.

Both sides have agreed to further talks in order to find a solution. Brexit Secretary Steve Barclay and EU negotiator Michel Barnier will meet in Strasbourg on Monday 11 February, with Theresa May and European Commission President Jean-Claude Juncker agreeing to meet again before the end of February.

Trade impact

Belgium

Attribution of EORI numbers
By mid-January, it had become apparent that only one in five Belgian companies trading with the UK had requested a valid
EORI (Dutch | French) number in Belgium. Twenty thousand others had not yet applied for one.

Finance Minister Alexander De Croo therefore decided to immediately assign an EORI number to those companies, who simply need to provide some information without submitting an EORI request. The results are positive with many companies responding to this initiative. The customs authorities will also contact the 5,000 companies that will be most impacted by Brexit.

**Unintentional mistakes escape sanction**

In addition, the federal government is looking for ways to soften the shock of Brexit, for the thousands of companies that will export outside the European Union for the first time, at the end of March in the event of a no-deal Brexit.

Customs authorities currently do not have the right to waive sanctions for breach of customs and excise duty rules. Any infringement is punishable under criminal law.

That would likely change, as companies that make unintentional mistakes would escape sanction. The exception would be valid for two years and would only apply to companies that have their export procedures screened upfront. The federal government intends to amend the law accordingly in the weeks to come.

**NaForNa Brexit Group**

The Brexit Group of the National Forum gathered on 28 January 2019 and published their intended actions (Dutch | French) regarding Brexit.

**Other**

The federal government foresees the additional hiring of customs agents and FAVV/AFSCA agents (to perform phytosanitary controls), in order to minimise importing delays due to Brexit.

On a Regional Level, some legislative adjustments are needed, for instance on dual use and export controls.

**United Kingdom**

**HMRC simplifies importing from the EU**

HM Revenue and Customs (HMRC) has written to 145,000 VAT-registered UK businesses trading with the EU about simplified importing procedures, and also updated them on the actions they need to take to prepare.

Transitional Simplified Procedures (TSP) for customs will make importing easier for an initial period of one year, should the UK leave the EU without a deal, to allow businesses time to prepare for usual import processes.

Once businesses are registered for TSP, they will be able to transport goods from the EU into the UK without having to make a full customs declaration at the border. They will also be able to postpone the payment of import duties.
HMRC is also reminding businesses to get an Economic Operator Registration and Identification (EORI) number if they do not already have one. This number is crucial for the ability to trade after the UK leaves the EU (without a deal).

**UK manufacturers's stockpiling hit record levels**
The Financial Times reported that UK manufacturers are stockpiling goods at the fastest rate in 27 years. Rob Dobson, director at IHS Markit, said that “The start of 2019 saw UK manufacturers continue their preparations for Brexit”. He noted that “stocks of inputs increased at the sharpest pace in the index’s 27-year history, as buying activity was stepped up to mitigate against potential supply chain disruptions in the coming months”.

**People impact**

**Belgium**

On 1 February 2019, it was decided that in case of a “no-deal” Brexit, a transitional measure until the end of 2020 will allow the 21,000 British people already working in Belgium to remain and continue their activities without any additional formalities. The decision also includes the further application of EU social security coordination rules during this transitional period.

Minister of Economy Kris Peeters is “counting on a reciprocal commitment on the part of Great Britain” to provide the 35,000 Belgian nationals in the UK the same residential, employment and social security rights as those given to British nationals in Belgium.

**United Kingdom**

The UK Home Office published “no-deal” guidelines for EU citizens coming to the UK after Brexit. It introduces a three-month ‘transitional period’ that allows EU citizens to travel to the UK for visits, work or study. “They will be able to enter the UK as they do now”, reported Politico. This would also apply to citizens of the European Economic Area and Switzerland. EU citizens aiming to stay longer would need to apply for European Temporary Leave to Remain, which upon approval, would be valid for an additional three years.

The UK government issued guidance encouraging UK citizens living in the EU to register for local health care, advising that additional insurance policies may need to be purchased. According to Politico, the government advised that expats may need to pay social security contributions or be long-term residents to retain access to free or discounted health care. The European Health Insurance Card, which allows EU travelers to receive free emergency and chronic disease care while on holiday, will no longer be valid after 29 March 2019.

**European Union**

The European Parliament’s Committee for Civil Liberties, Justice and Home Affairs approved new rules to grant UK citizens visa-free travel to the Schengen area for short stays of
up to 90 days. “Subject to a deal being reached before the 29th of March, these rules will start to be applied at the end of the transition period. If however, the UK leaves the EU without a deal, these rules will come into action as of the 30th of March 2019”, a statement from the European People’s Party group in Parliament said. It added that the rules will also apply to EU27 citizens travelling to the UK for short stays.

Under the Brexit Contingency Action Plan, the European Commission adopted a final set of “no-deal” contingency measures for Erasmus students and social security coordination rules. The latter are mainly aimed at safeguarding statutory pension build-up after a no-deal Brexit, but do not provide the same guarantees as the Withdrawal Agreement.

**Deloitte’s Brexit readiness solutions**

With the continued uncertainty reflected by the recent political developments, preparing for a “no-deal” scenario should remain a key objective.

Deloitte has several tools and solutions which may prove useful to your business. These can be found in our Brexit Readiness Centre, including the two highlighted below.

**Easy-access Brexit workshop**

An accessible, entry-level Brexit readiness solution for small, medium and larger business organisations that are taking their first steps in the Brexit journey, or would like to validate their preparations thus far with external subject matter experts.

**Find out more** (and download the new leaflet offering more details).

**Deloitte’s Brexit impact tool**

To further help with Brexit readiness, a free online questionnaire can be completed to see the possible Customs and VAT implications for your company in case of a “no-deal” Brexit.

Those interested in the self-analysis questionnaire are invited to complete this form to obtain access to the tool. The questionnaire is at [http://trc.deloitte.be](http://trc.deloitte.be), and can be accessed with the credentials provided to you by email. Users who encounter any issues should contact our Brexit team at BETRC@deloitte.com.

**Legal Brexit alerts**

Laga will be issuing weekly Brexit Alerts that will summarise the key legal issues relevant across the widest cross-section of businesses and most likely to be affected by Brexit.

This series of Brexit Alerts will form a checklist providing guidance to legal counsel for managing Brexit risks. The alerts
can be used to ensure that you identify and consider all the key issues in your Brexit plan.

Read more

Contacts

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