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Netherlands: Planning for a no-deal Brexit

What is the update?

Boris Johnson was elected leader of the UK's Conservative Party in July 2019, and now serves as the Prime Minister of the UK. Mr. Johnson recently sent a letter to Donald Tusk, president of the European Council, to renegotiate the terms of the UK's withdrawal agreement from the European Union (EU). Although Mr. Johnson strongly believes in a new deal, many EU officials insist that the withdrawal agreement is not negotiable.

This lack of consensus on the withdrawal agreement may lead to a no-deal Brexit in which the UK crashes out of the EU without a deal in place on how to handle the trade of goods and movement of people across the UK/EU borders.

What is the business impact?

The likelihood of a no-deal Brexit scenario is increasing, even though the final outcome is still uncertain. To minimize the impact, businesses should prepare for a no-deal scenario on October 31, 2019, which is only two months away. Businesses should consider the following:

- **UK nationals already in the Netherlands:** Businesses should identify their current UK national workforce and make sure they are registered in the Personal Records Database in order to receive their temporary residence permits.

- **Cross-border commuters:** Qualifying cross-border workers from the UK can continue to perform work in the Netherlands after Brexit day. In case of a no-deal Brexit, businesses should ensure that employment contracts for UK cross-border workers mention their Dutch cross-border work. The affected workers should also collect a passport sticker at an office of the Dutch immigration authorities (IND) in the Netherlands after Brexit day.
- **New hires and assignees:** The transition period will apply to UK nationals who studied, worked and/or resided in the Netherlands for at least two months prior to Brexit day. Businesses should make sure their UK national new hires and assignees who commence working, at the latest, on August 31, 2019 (i.e., two months before Brexit day), register in the Personal Records Database and ensure sufficient evidence is available to prove their legal work, study, residence status in the Netherlands. UK nationals arriving in the Netherlands after August 31, 2019 (i.e., less than two months before Brexit day), will be treated as non-EU nationals in a no-deal Brexit scenario; hence, they will need residence and work permits. Long-term entry visa (MVV) will not be required for UK nationals. Thus, identifying UK national employees and ensuring they secure residence and work permits, if necessary, is crucial.
- **Freedom of movement:** According to the UK government, freedom of movement is set to end on October 31 2019, however this is not confirmed yet. Whether there will be a significant change in the UK government's policy or how EU will react on this is currently unclear. Businesses should stay informed on the most recent developments on Brexit and be prepared for the possible visa requirements for UK nationals from October 31, 2019 on.
- **Administration:** In case of no-deal Brexit, employers should keep copies of temporary residence permits and passports for their UK national employees during the transition period. In order to be prepared for a no-deal Brexit, businesses should complete this administrative task prior to the Brexit date. It is recommended to already amend employment contracts and assignment letters for UK national cross-border workers to include their Dutch cross-border work.
- **Social security:** Even though challenged by several specialists, the Dutch and UK social security authorities take the position that the Dutch-UK social security treaty is not applicable after Brexit. Hence, individuals working in any cross-border situation may face a change in social security position. This may lead to UK nationals paying double social security or no social security at all in many cases.

Businesses should review their current workforce and identify any individuals employed in cross-border situations to make sure appropriate action can be taken once a no-deal Brexit becomes final.

Additionally, businesses can already estimate the impact of a no-deal Brexit on their companies and UK nationals.

Background

In case the UK ratifies the current withdrawal agreement (i.e., the deal scenario), a transition period will take place until December 31, 2020. During the transition period, free movement of UK and EU nationals will continue. Residence and work permit requirements will apply to UK nationals after the transition period. There will be no consequences for social security until December 31, 2020.

In case of a no-deal Brexit, the Dutch government will apply a transition period until June 30, 2020. UK nationals who are legal residents two months prior to the Brexit date will retain their residence and working rights in the Netherlands and will be invited to apply for a new residence permit during the transition period. Residence and work permits will be required after Brexit. Visit [Deloitte.com](https://www2.deloitte.com/nl/nl/pages/tax/articles/uk-citizens-rights-announced-in-case-of-no-deal-brexit.html?id=us:2sm:3na:gis:awa:tax:090619&sfid=7011000001xmLZQAY) for further information on UK citizens' rights in the Netherlands after Brexit.

URL: <https://www2.deloitte.com/nl/nl/pages/tax/articles/uk-citizens-rights-announced-in-case-of-no-deal-brexit.html?id=us:2sm:3na:gis:awa:tax:090619&sfid=7011000001xmLZQAY>

The Dutch immigration transition period may be extended beyond July 1, 2020; however, that has yet to be confirmed.

In case of a no-deal Brexit, the consequences on social security will become immediately effective, as per Brexit, and should be implemented accordingly.

Deloitte's view

Deloitte Global Employer Services (GES) is ready to help businesses assess the impact of a no-deal Brexit scenario on their workforce and raise important points to mitigate any adverse consequences.

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