



## **Brexit: a Dutch perspective**

### Navigating through uncertainty and change

What does the Brexit mean for businesses in the Netherlands and the rest of Europe? Are clients ready to adapt, take new opportunities and mitigate any downside risks? What comes next after the first hectic days to navigate through uncertainty and period of change?

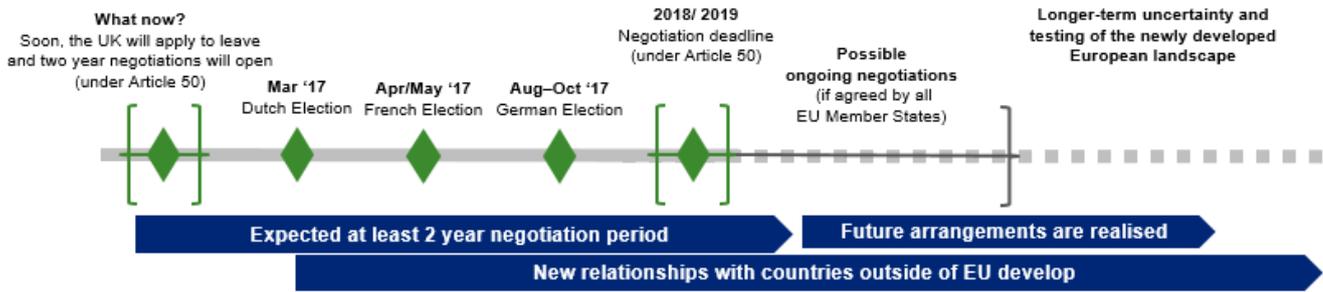
#### **Making sense of the vote**

The UK decision to leave the EU is the first of its kind. It is assumed that the Government will treat the result as final and will trigger Article 50. This signifies the start of an untested negotiation process with unknown consequences for organisations.

What lies ahead for many organisations is a period of uncertainty. The future remains unclear but is likely to be complex, firm-specific, and open-ended. The Netherlands Bureau for Economic Policy Analysis (CPB) suggests that the Brexit will have a major effect on the economy of the Netherlands, projected at costs running up to 1.2% of the Dutch GDP, or 10 billion euros, by 2030. If losses in trade-induced innovation is taken into account, this cost rises to 2% of the Dutch GDP.<sup>1</sup> For most such an economic impact also comes with great potential to excel when risks are managed and opportunities capitalised. The Deloitte Brexit team has developed a three staged approach to navigate through uncertainty and change the coming period.

<sup>1</sup> CPB Netherlands Bureau for Economic Policy Analysis, 'Brexit Costs for the Netherlands Arise from Reduced Trade', July 2016

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### What clients will face

Clients across all industries will face uncertainty across business operations, particularly in the following:

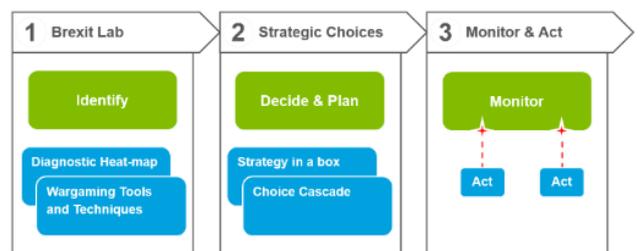
- **HR** – Questions on how to permit UK employees in the Netherlands and vice versa;
- **Financial Services** – The likely loss of flexible “passporting” arrangement for transactions means that business scale will need to be adjusted;
- **Tax** – A possible change in current EU direct tax obligations can affect the conditions of Customs Duty, Excise Duty, Capital Duty and directives present to aid intra-EU trade and investment;
- **Real Estate** – Corporates with subsidiaries in the UK will re-evaluate their locations, especially regarding European Headquarter (EHQ) functions, and consider a move to continental Europe, including the Netherlands;
- **Public Sector** – The Dutch government and local governments will have to facilitate the relocation of companies out of London and increase attraction; and
- **Legal and Regulatory** – Questions in applicability of EU accounting rules may affect due diligence activities – as such, impacted contracts may need to be modified.



### What clients need to do now

Not all implications are known yet as negotiations and details will be deciphered over time. We recommend the following immediate steps for all organisations:

- Activate a ‘Brexit taskforce’ – identify the key personnel who will be involved in responding to Brexit developments;
- Identify specific areas for your organization that may be materially affected and require further investigation;
- Communicate an initial message to all stakeholders – shareholders will want to see a plan, customers will want guarantees, and employees will want reassurance;
- Prepare and take action where key opportunities are clear or immediate risks need mitigation; and
- Plan and monitor for triggers in the unfolding situation, and execute if appropriate.



### Practical considerations to approach the future

To accelerate client thinking and help clients navigate their way through uncertainty, a three-stage approach can be used to approach the future regarding Brexit.

This approach can help clients rapidly and robustly explore the impacts on their organisation, by identifying specific risks and opportunities, developing a strategic response, and executing at pre-defined trigger-points.



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More information can be found on [www.deloitte.nl/brexit](http://www.deloitte.nl/brexit). Alternatively, contact one of our Brexit leads below:

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