





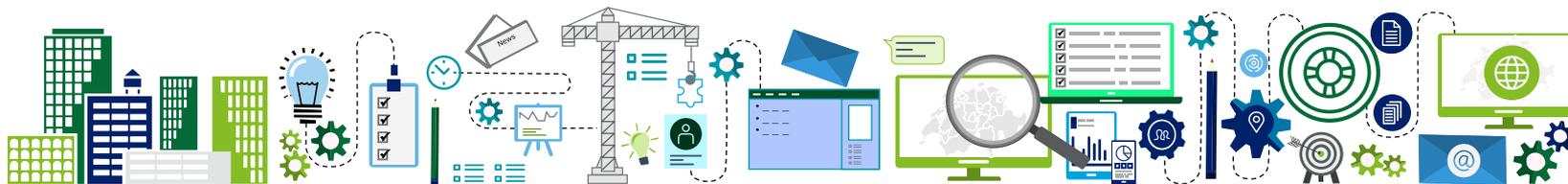
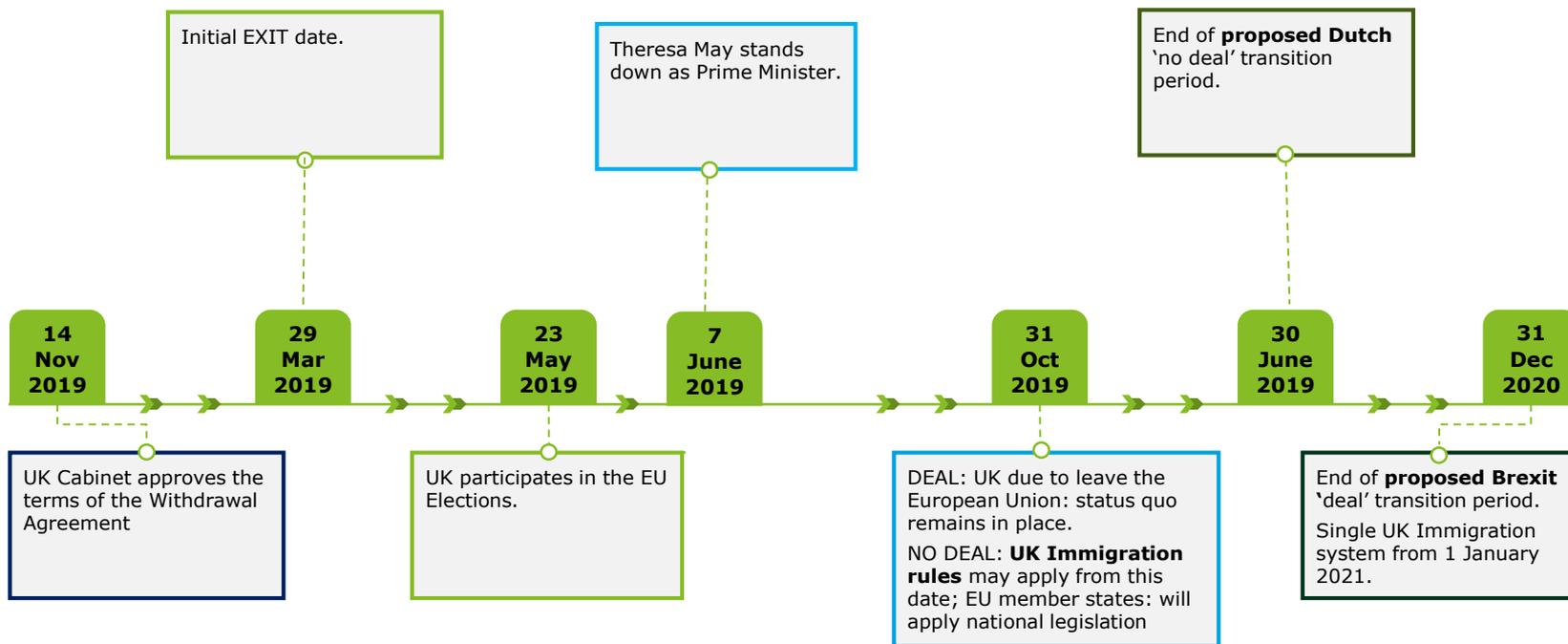
The UK's decision to leave the EU caused great uncertainty for businesses and their people. The full extent of Brexit's impact on businesses and people remains unclear until the Withdrawal Agreement and the political declaration are ratified by the House of Commons.

Deloitte is prepared to help you to assess the impact of Brexit on your business from a people perspective, to provide an insight into possible scenarios and important points to consider for preparing your business for Brexit. Deloitte Netherlands Global Employer Services Brexit team is ready to help businesses to mitigate the adverse consequences of Brexit on their workforce.

# Setting the scene

Contents of this toolkit:

- Timeline
- State of Play
- Potential scenarios
- Impact Assessment



Brexit negotiations currently concern three distinct but connected areas:

Withdrawal Terms

Transition Arrangements

Future Relationship

'Nothing is agreed until everything is agreed'

## Withdrawal Terms

Withdrawal  
Terms



- Withdrawal Agreement **is agreed** by negotiators, but yet to be ratified by the UK and EU. **No-deal Brexit** remains to be a possibility.
- The **transition period is contingent on the ratification of the Withdrawal Agreement.**

**Employment elements of the Withdrawal Agreement:**

Citizens'  
rights



- Based on the Withdrawal Agreement, the social security rules applicable to employees in cross-border situations between the UK and the NL will change as of 1 January 2021.

## Transition Arrangements

Transition



- Proposed **Brexit transition period** – UK's EU membership to end on 31 October 2019 but UK/EU relationship to continue under broadly 'status quo' conditions to 31 December 2020.
- **The immigration rules under existing EU legislation will be applicable for UK citizens living in the NL** during transition period, ratified.

## Future Relationship

### Future Relationship



- UK citizens living in the Netherlands before the Brexit day will keep their residency and working rights in the Netherlands after Brexit.
- Movement of the workforce after Brexit and the transition period will be imposed to new regulations.
- The Dutch social security authorities have announced not to apply the social security treaty which will have an impact to the social security position of a majority of the cross-border employees. This position is however challenged by many social security advisors in practice.

## Discussion Points

1

- Negotiations are progressing but **substantial areas to resolve to finalise the Withdrawal Agreement and guarantee the transition period**. The transition period is not a legal certainty yet.

2

- The transition period as presented in the current Withdrawal Agreement provides longer for businesses to prepare but we **still do not know the end state so a range of scenarios should be considered**, for planning purposes – businesses should plan for the scenario of maximum change, i.e. 'no deal'

3

- If a transition period is confirmed, regulators will expect a **greater degree of maturity in business readiness** given the longer lead time. The end of 2020 is still unlikely to be long enough to make significant workforce, system, operational and administrative changes – planning should continue at pace

4

- **Administrative and regulatory immigration rules** will be imposed for the UK citizens living in the Netherlands.

5

- If the social security treaty will not be applied this may result in a change of the social security position for many employees and may potentially result in double coverage or no coverage at all. If the position of the Dutch social security authorities will not last, and the social security treaty between the Netherlands and the UK should be applied, Cross-border employees between the UK and the Netherlands may potentially keep their social security coverage in their home country.

Negotiators agreed on the withdrawal terms, however there is no deal over the exit terms (including any transition period) yet, and **the terms of the future EU/UK relationship have not yet been defined. We are applying best practice principles from other countries for our assessments.**

### No deal

- Withdrawal terms not agreed. No transition period.
- UK exits on 31 October 2019. No deal on future relationship.
- Residence/work permits such as Highly Skilled Migrant residence permit required for UK citizens. Salary threshold and higher legal fees applicable.
- The Dutch social security authorities have announced not to apply the social security treaty which will have an impact to the social security position of a majority of the cross-border employees. This position is however challenged by many social security advisors in practice.
- If the social security treaty will not be applied this may result in a change of the social security position for many employees and may potentially result in double coverage or no coverage at all.
- If the bilateral treaty on social security between the Netherlands and the UK would apply:
  - Employees on assignment from the UK to the Netherlands, or from the Netherlands to the UK, remain covered by the social security system in their home country. However, under the treaty, the maximum period is 3 years, while this is 5 years based on the EU regulation.
  - Under the treaty, residents of the UK or the Netherlands who work in both countries simultaneously are covered by the social security system of their home country if they work there for at least 1 day per month (5%). Under the EU regulation, the threshold is 25%.
- A1 certificates with the end dates beyond 31 October 2019 will no longer be valid as from 1 November 2019 onwards.
- Scenario of most change for planning.

### Deal

Different scenarios are possible.

- In an ideal situation, would be a deal similar to EEA immigration rules:
  - Free movement of people remains intact.
  - No substantial change for UK citizens in the NL.
- In case of an agreement based on “Chequers plan”:
  - Free movement would end but with mobility framework for travel.
- Whether the EU Regulations will continue to apply to assignments that started after 31 December 2020 or not, is unknown.

**Irrespective of above scenarios, a transition period might be agreed upon.**

### Transition period

- Transition period until 31 December 2020 with a possibility of extension. The period can only be extended once for a further 24 months.
- Free movement of people will continue during the transition period, however a registration formality is expected for UK citizens moving to the NL during transition period.

Despite ongoing uncertainty as to the end state for long term relations between the UK and the EU, it is possible for organisations to consider what the impact of Brexit may be on their operations against different scenarios.

‘Wait and see’ is not an advisable strategy as nothing is yet agreed, so organisations should not bank on the transition period or a comprehensive future deal.

The scenario of most change (no deal, no transition) should be used as a planning base line and organisations should map the potential impact across all business functions.

By undertaking Brexit risk assessments across their business operations organisations can identify areas of greatest exposure and plan to mitigate Brexit related risks.

### Assessing and managing immigration and social security consequences of Brexit

A Brexit risk assessment should seek to determine where an organisation may be exposed to Brexit related risk (and opportunity), model the scale of risks against different scenarios and identify decisions and actions to be taken now and in the future depending on the final Brexit deal.



**Brexit analysis** to understand the scale and demographics of the impacted population.

Facilitate initial discussions, plan associated activities and identify resource requirements.

Future state design and “**how to move**” analysis.

Country deep-dive review and scenario planning.

Preparation of key documentation, communications and training materials to embed chosen plan and contingency measures.

Implement **operational** and **organisational changes**.

**Ongoing support** to navigate and the end position agreed between the UK and the EU.

**Monitoring new structure/policies** to ensure they are operating effectively post-Brexit.

# What are businesses doing to prepare?

## Preparation points



**Assessing the impact of Brexit under different scenarios** to ensure understanding of the impact of the scenario of most change and readiness to act once a future deal is agreed.



**Considering whether regulatory divergence will impact the mobility of your global workforce** and whether some relocation of staff and operations may be necessary.



**Communicating with subject matter experts** addressing immigration, social security, payroll and reward issues.



**Identifying key sources** and considering potential skill shortages, especially for the organisations reliant upon the free movement of people.



**Analysing workforce origins, immigration history, social security positions** and discussing workforce implications with third party contractors.



Conducting employee **Brexit surveys to understand employee sentiment** towards Brexit and create awareness.



**Educate and train** global mobility function on (new) legal requirements as well as revising existing employment/assignment contracts.



Assessing how **technology and systems may need to be adapted** to interface with new immigration rules.



Attracting new talent and **preparing for additional formalities** when hiring & firing and rethinking reward.

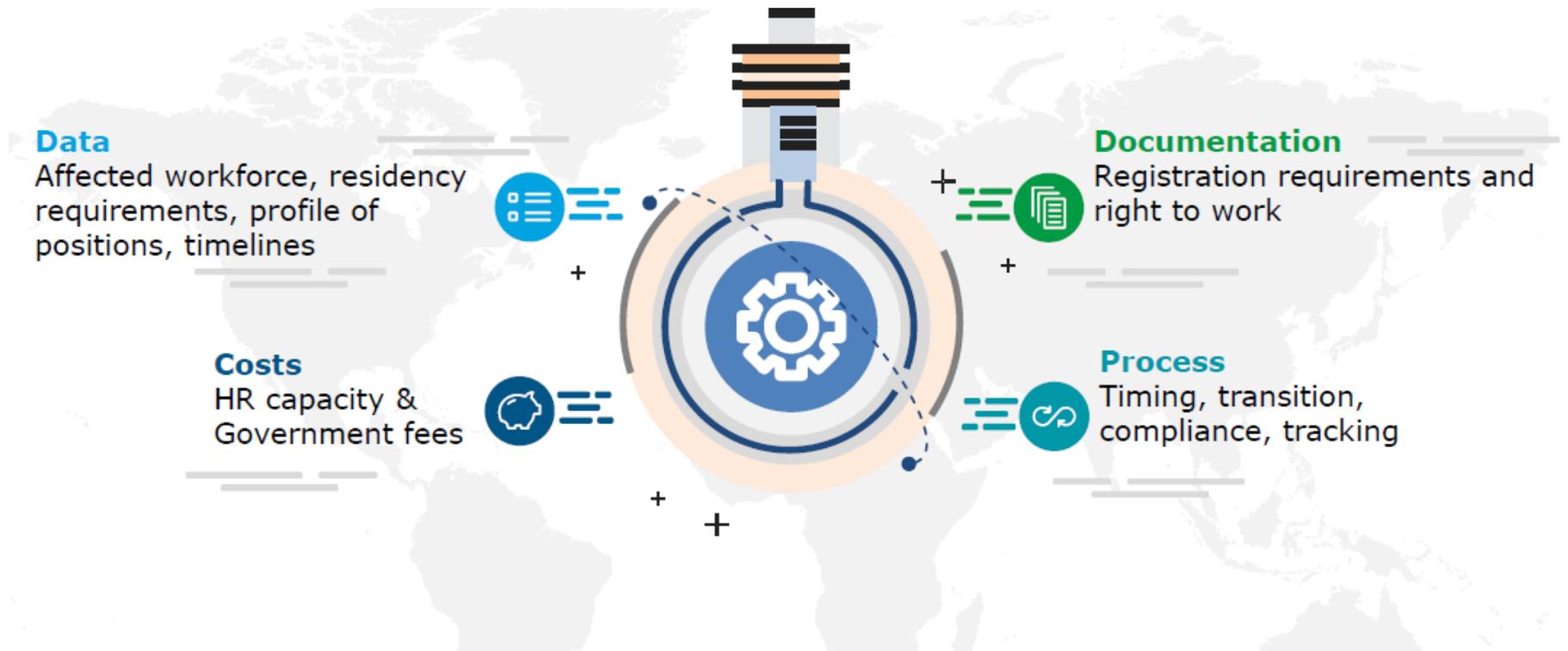


**Talent retention** by providing tailor-made solutions and step-by-step guidance.



## Practical considerations

Whilst a Deal-scenario is currently under discussion, a No Deal-scenario remains a strong possibility. As this remains the scenario of most change, our recommendation is to plan for every eventuality, including a “No deal Brexit”.



Analyse, Communicate and Planmaster

## Contacts

**Deloitte's Global Employer Services Brexit team is here to help: [nlgesbrexit@deloitte.nl](mailto:nlgesbrexit@deloitte.nl)**

**Marike Maas**

Partner

Global Employer Services

[mamaas@deloitte.nl](mailto:mamaas@deloitte.nl)

+31 88 288 5247

+31 62 217 4479

**Kimona Chetty**

Senior Manager

Global Employer Services

[kichetty@deloitte.nl](mailto:kichetty@deloitte.nl)

+31 88 288 0619

+31 68 249 7187

**Marjolein Krommenhoek**

Senior Consultant

Global Employer Services

[mkrommenhoek@deloitte.nl](mailto:mkrommenhoek@deloitte.nl)

+31 88 288 0535

+31 65 005 5291

**Elif Sieben-Kamaci**

Analyst

Global Employer Services

[esieben@deloitte.nl](mailto:esieben@deloitte.nl)

+31 88 288 2751

+31 62 285 3957



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see [www.deloitte.nl/about](http://www.deloitte.nl/about) to learn more about our global network of member firms.

Deloitte provides audit & assurance, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights and service to address clients’ most complex business challenges. To learn more about how Deloitte’s approximately 264,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.