

Introduction

I am delighted to present the findings of Deloitte's Brexit and Indirect Tax Survey. We conducted the survey to help us understand views on the likely indirect tax consequences of Brexit. We had more than 430 respondents, from a broad range of industries.

Unsurprisingly, there is a considerable spectrum of views regarding the wider issues around Brexit, which were reflected in some of the comments we received. From an indirect tax perspective, the responses indicate that, although there is still considerable uncertainty, the majority of businesses are already considering the indirect tax implications and impact of Brexit, largely driven by the indirect tax team themselves. For those who have not given much consideration to these aspects, the main reason is a lack of information, with a number noting that this issue is not yet a priority.

The most significant areas of concern from an indirect tax perspective are changes to current VAT rules and interpretations, losing the ability to rely on EU VAT principles and litigation, and more complex supply chains for goods.

A significant majority of respondents consider that Brexit will make indirect tax more difficult to manage, and many anticipate an increase in the amount of customs duty payable (although a majority think it will make little difference to the amount of VAT payable).

I hope you will find the survey results interesting, and are able to use them to support the role you play in your organisation. As suggested by one of our respondents, we are planning to conduct similar surveys in the lead up to Brexit "to see how the mood is changing".

If you have any comments on the findings, please contact me or your usual Deloitte adviser.

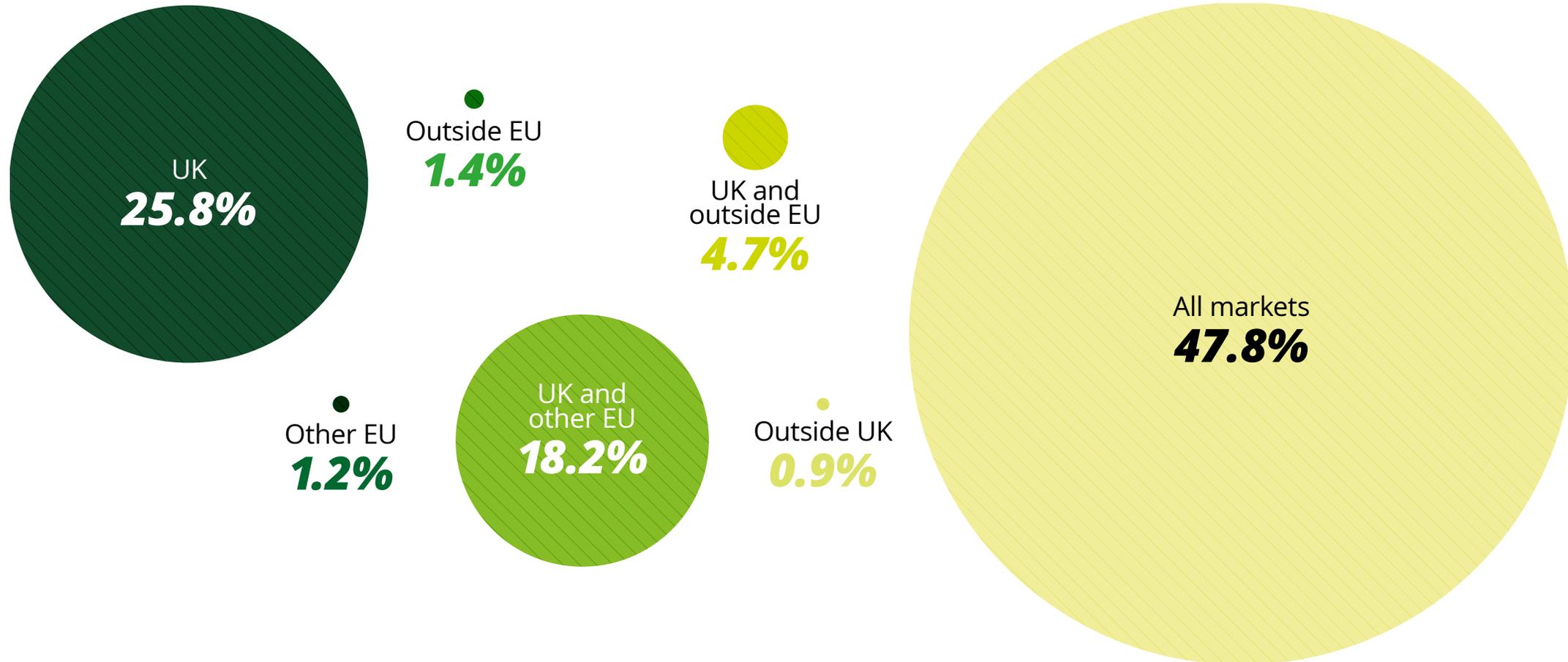
Kendra Hann

Head of UK Indirect Tax
khann@deloitte.co.uk



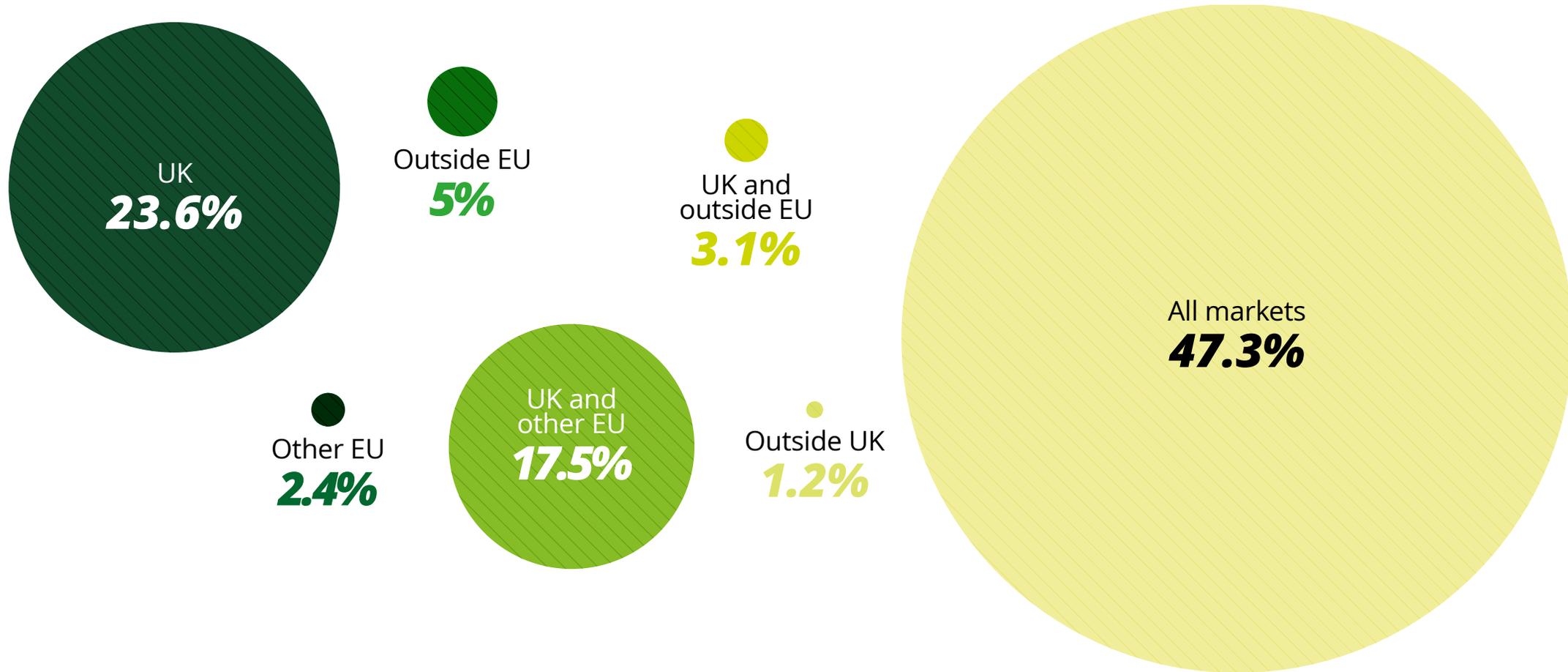
Range of respondents

Which of the below most accurately reflects your sales market?



Range of respondents

Which of the below most accurately reflects the location of your suppliers?



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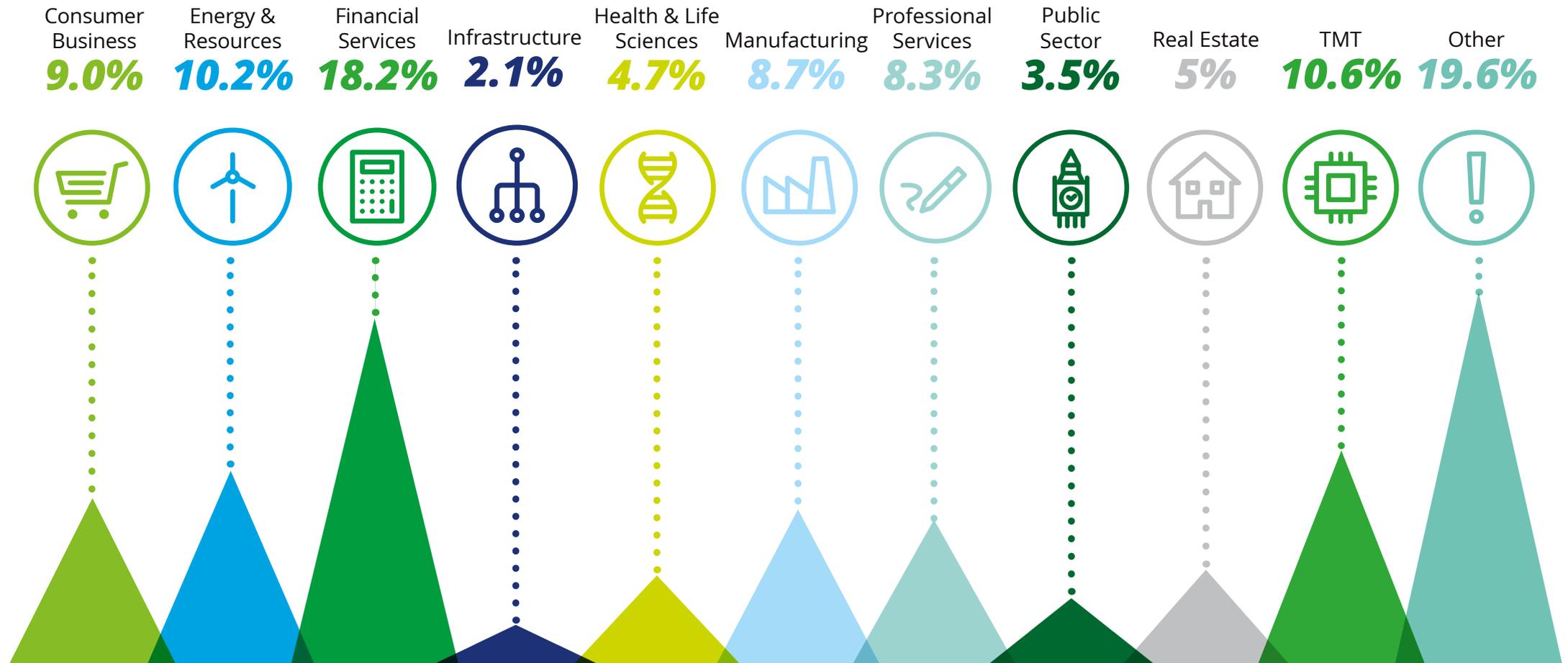
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Range of respondents

What is the industry sector most closely associated with your business?



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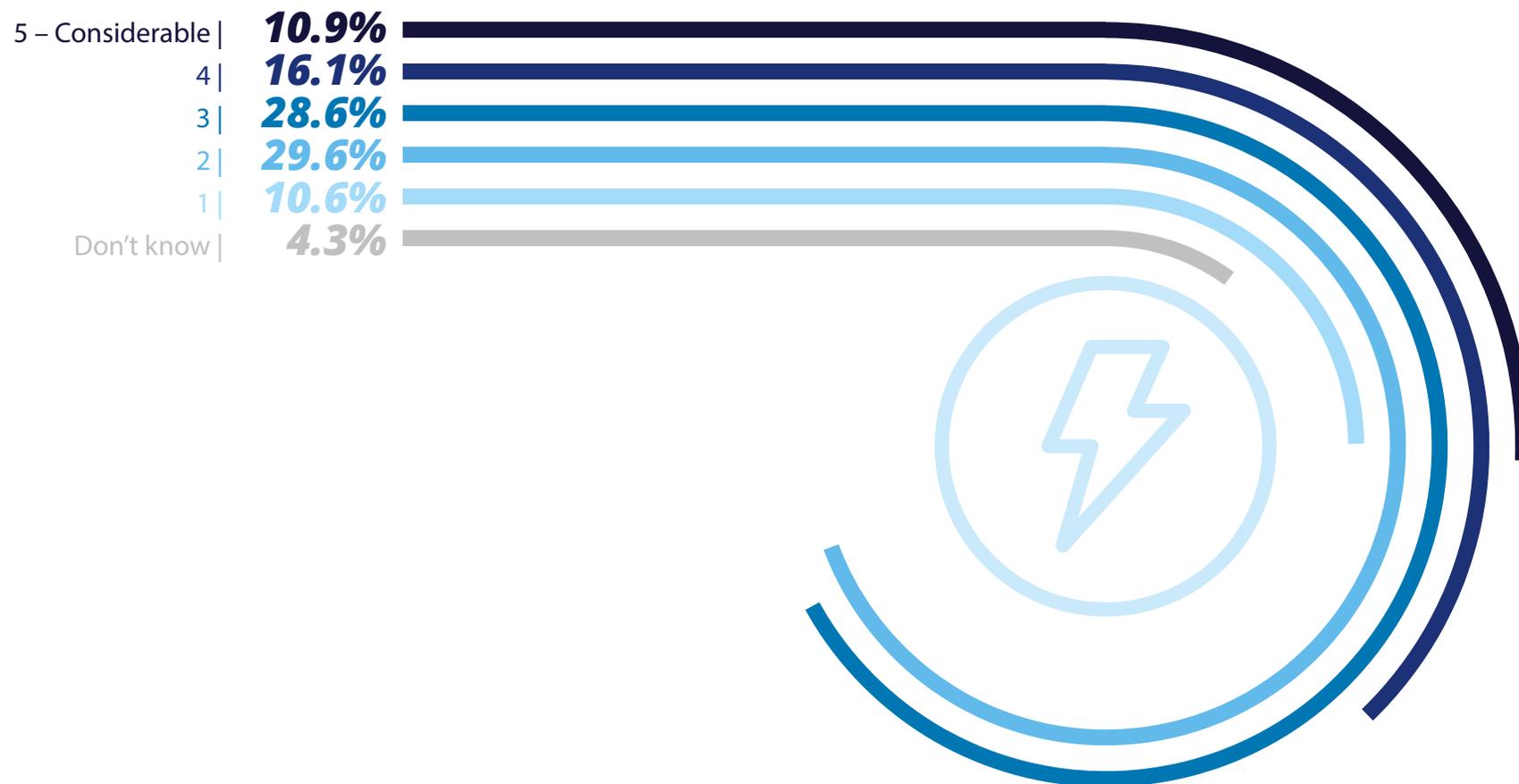
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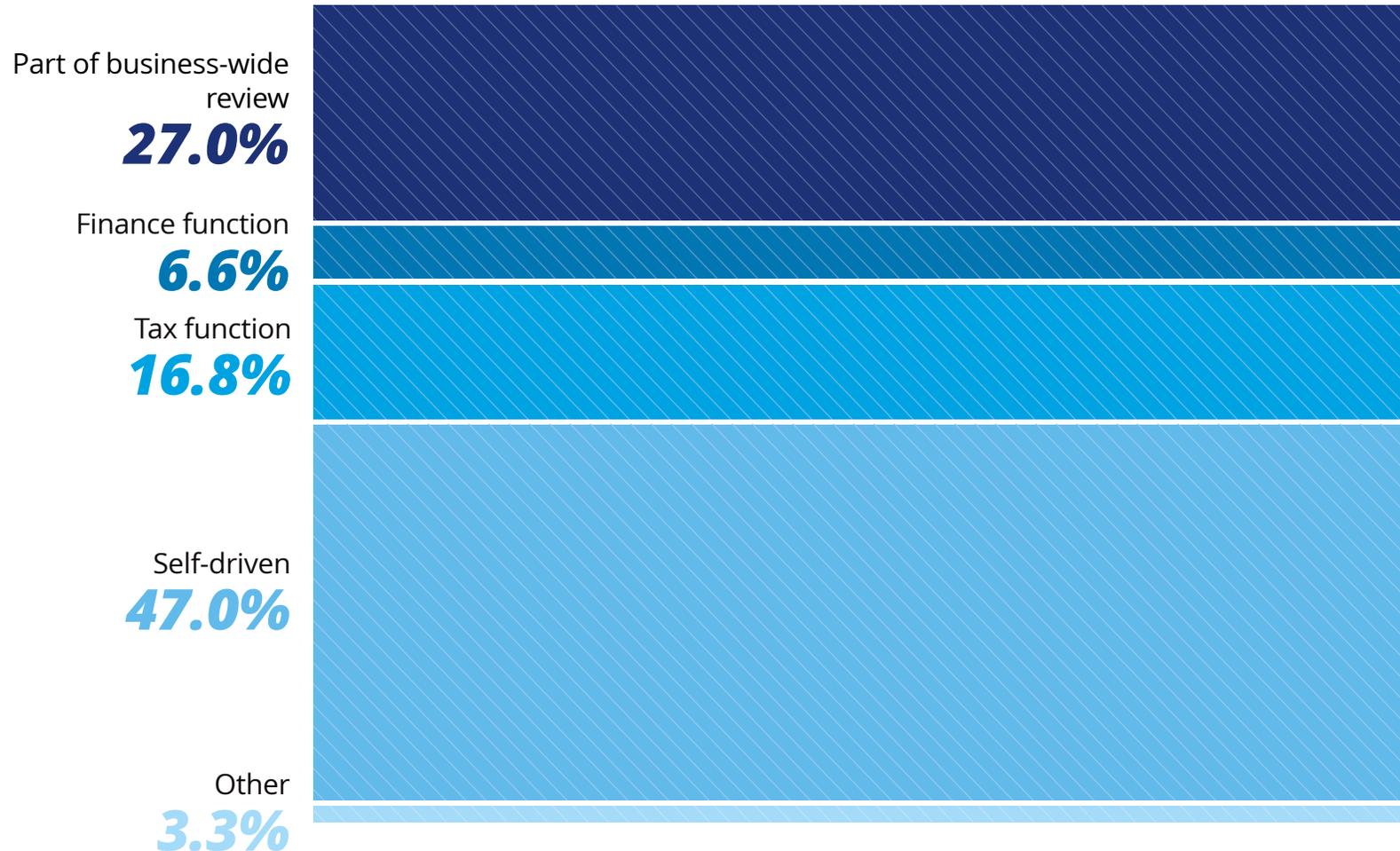
Indirect tax implications and impact

How much consideration has your business given to the indirect tax implications and impact of Brexit?



Indirect tax implications and impact

If your business has started to consider these implications, who prompted this analysis?



A significant proportion of respondents have started considering the implications of Brexit, with most of this self-driven, indicating that indirect tax professionals are well-aware of the need to start looking at what will be required from an indirect tax perspective.



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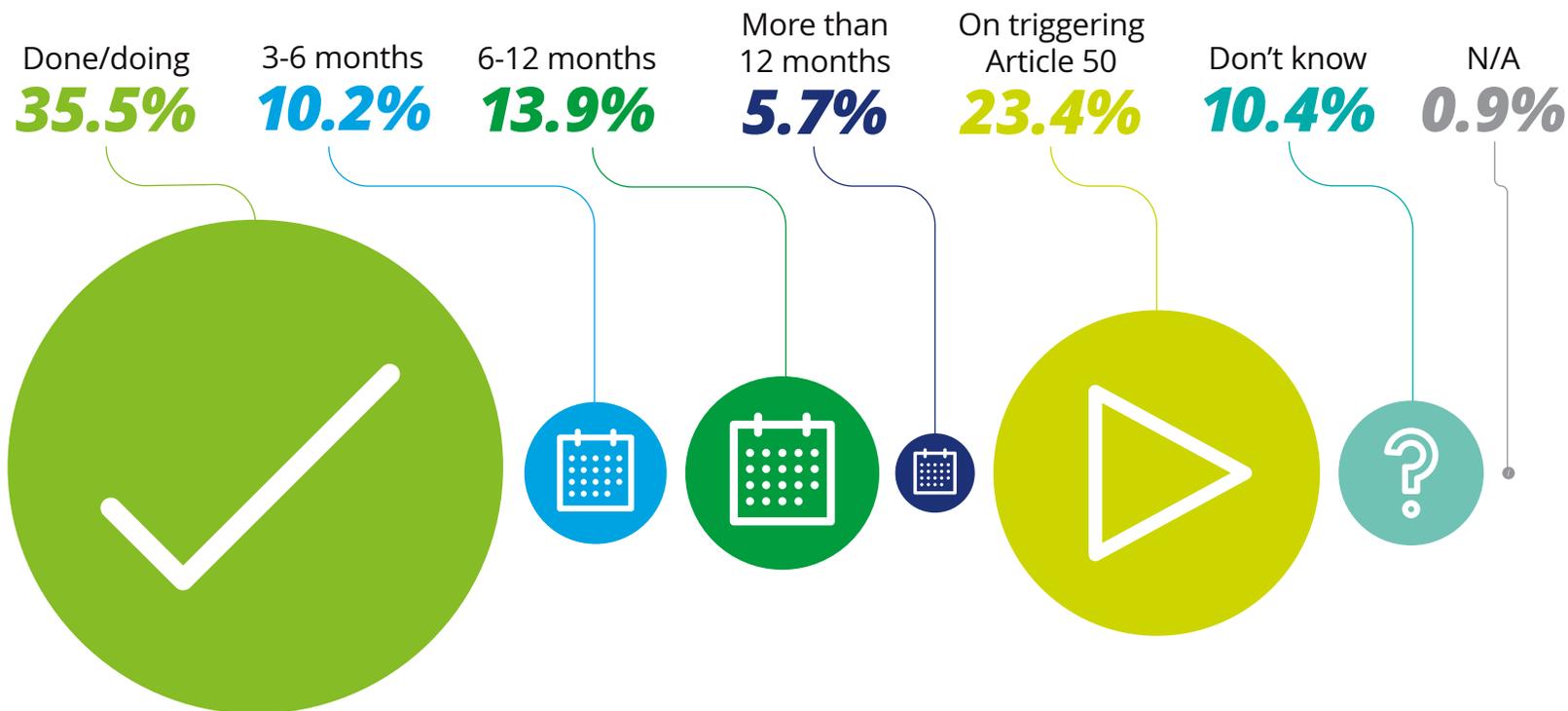
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Indirect tax implications and impact

When do you estimate that your business will start to consider the indirect tax implications and impact of Brexit?



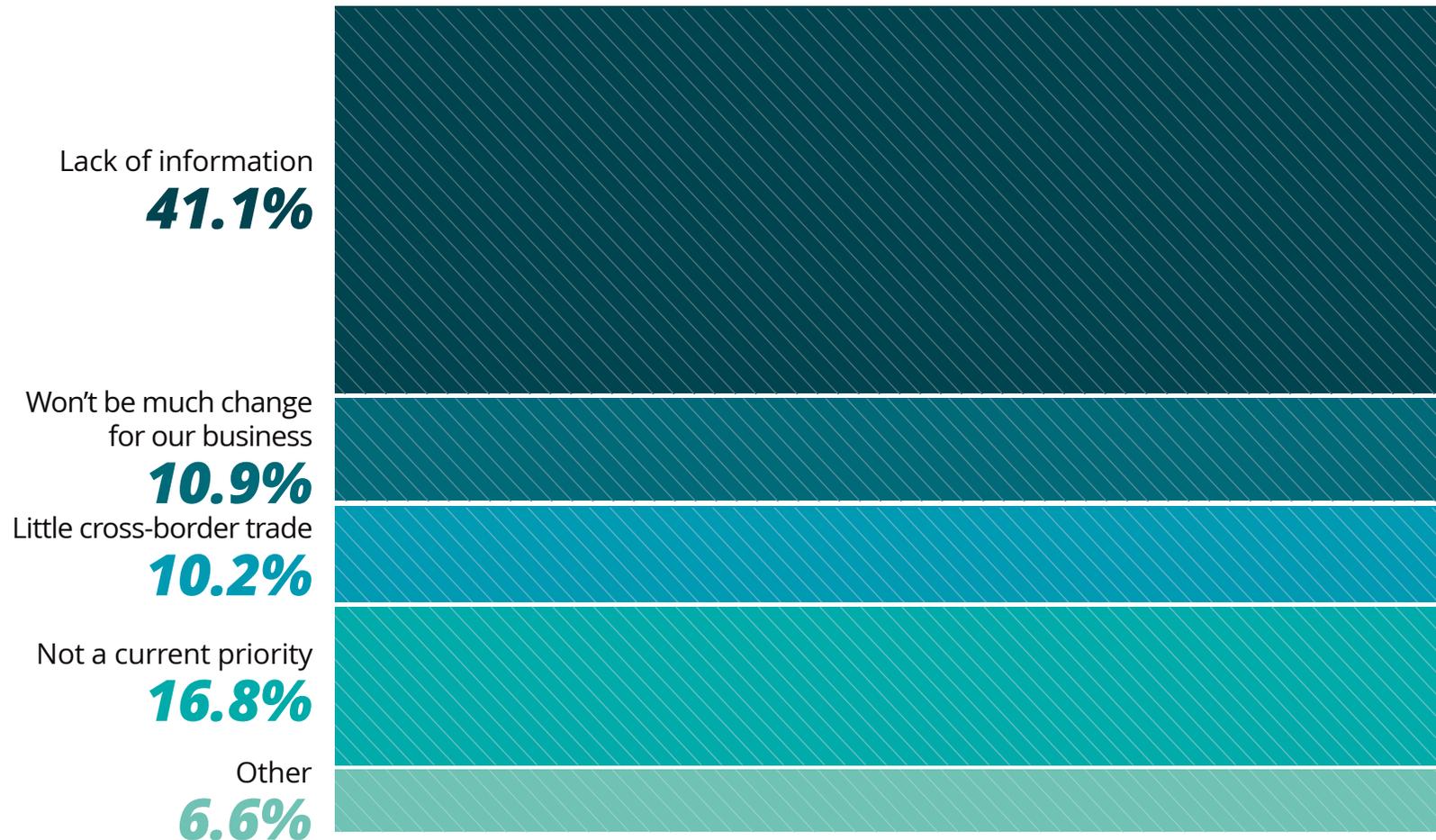
While many respondents have already started preparing for indirect tax under Brexit, nearly a quarter of respondents are awaiting the triggering of Article 50. This survey was undertaken prior to the Prime Minister's announcement that Article 50 will be triggered by the end of March. It may be that this announcement has provided some increased momentum in terms of preparing for Brexit.

A number of respondents indicated that they would like to be involved in consultations with HMRC and HM Treasury on the future direction of indirect tax following Brexit.



Indirect tax implications and impact

If you have not given much consideration to the indirect tax implications and impact of Brexit, why not?



Other reasons provided for not yet considering the implications and impact in general relate to uncertainty ("too many unknowns") and lack of resources.



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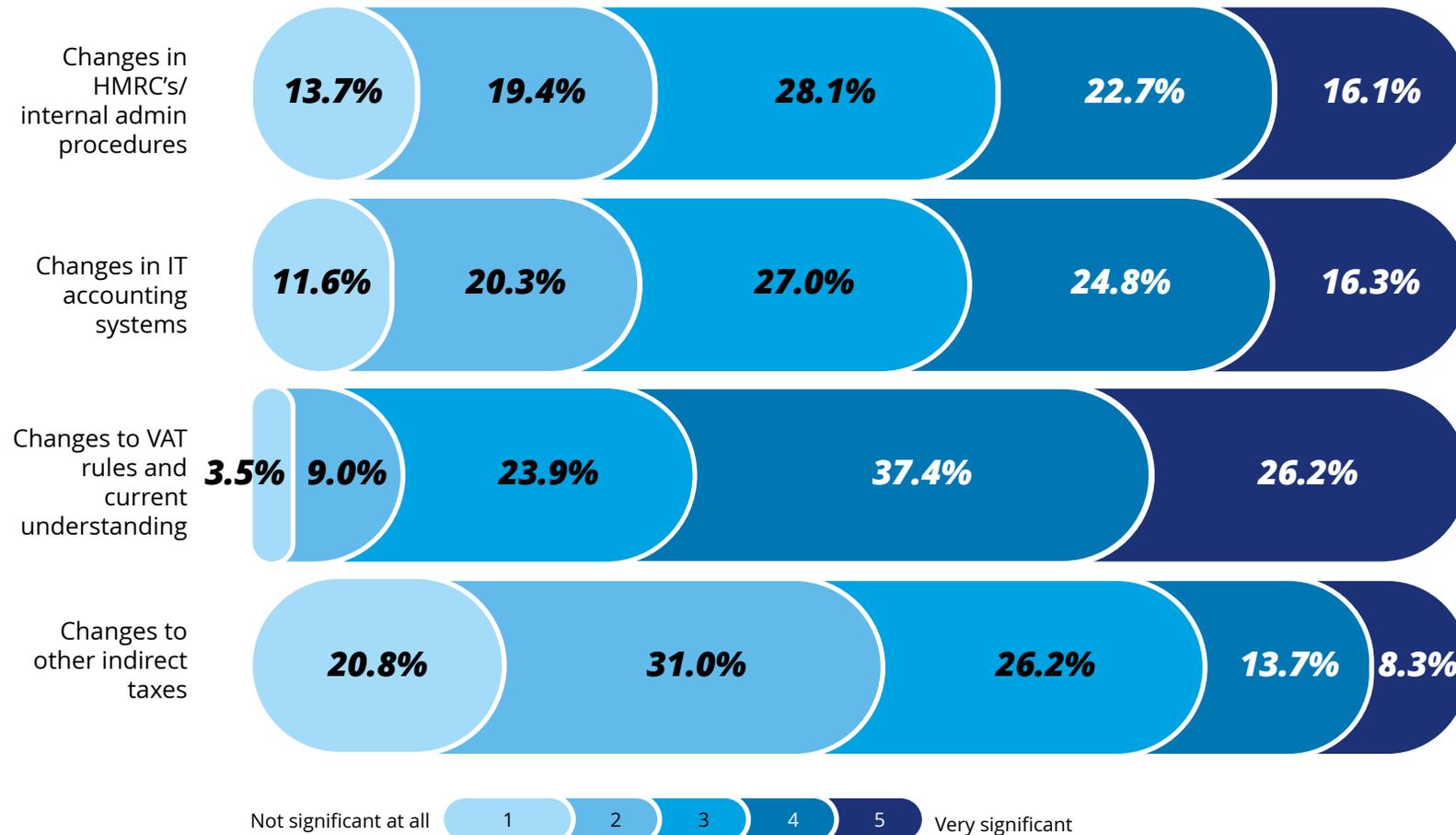
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Significant issues

Rate in terms of significance your concern from an indirect tax perspective in respect of the following issues



Potential changes to current VAT rules and understanding and losing the ability to rely on EU VAT principles and litigation are the main areas of concern for respondents, together with increased supply chain complexity. Conversely, there is less concern around potential changes in procedures (HMRC and internal admin) and IT accounting systems. In terms of other issues raised, increased requirements and obligations around imports/ exports and the cross-border supply of services were cited by a number of respondents.



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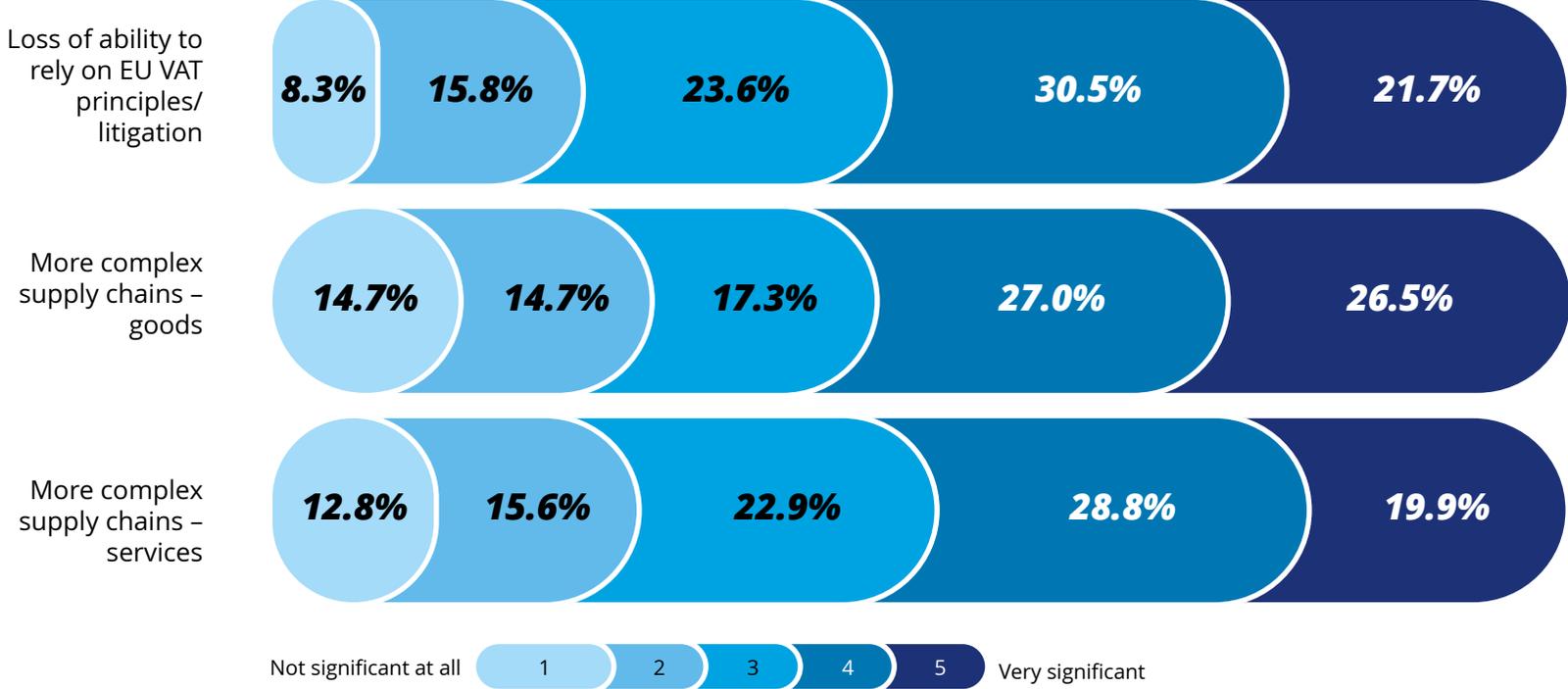
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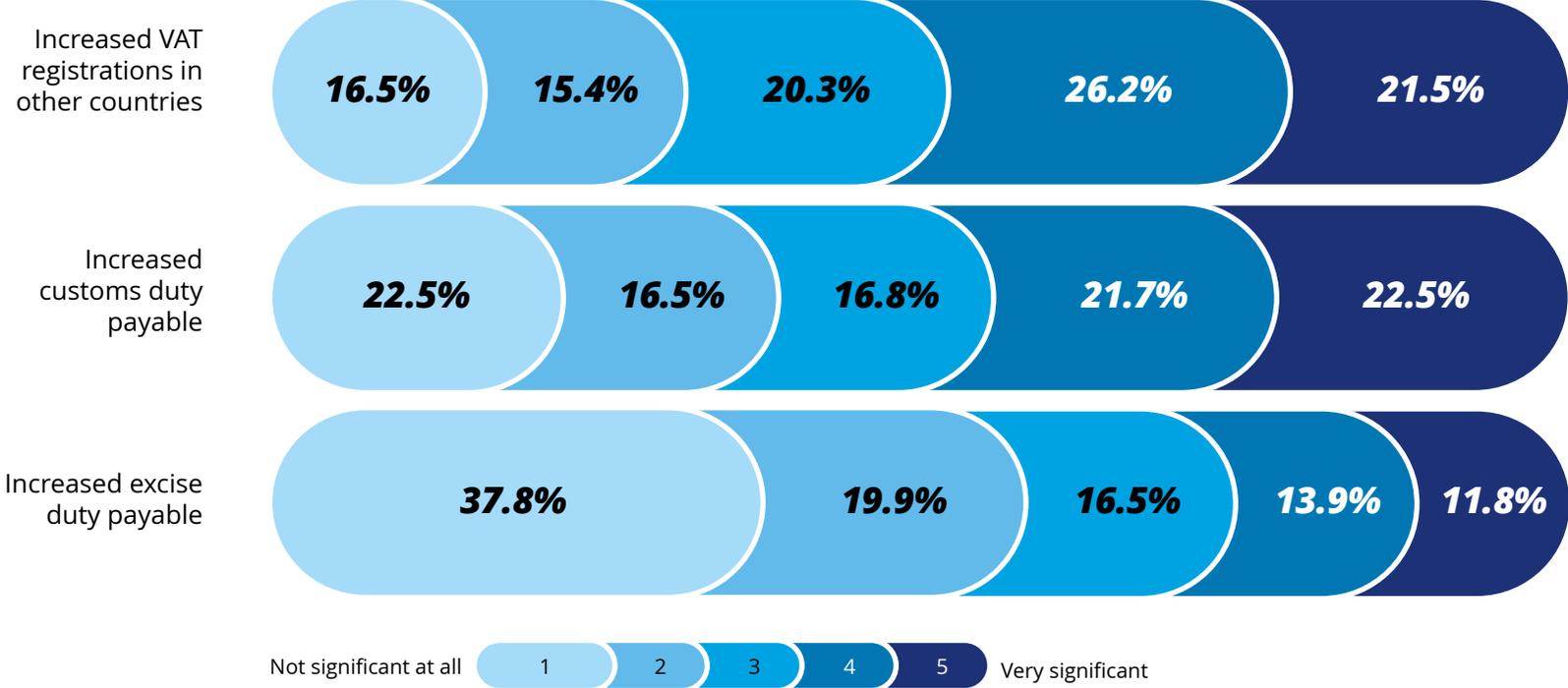
Significant issues

Rate in terms of significance your concern from an indirect tax perspective in respect of the following issues



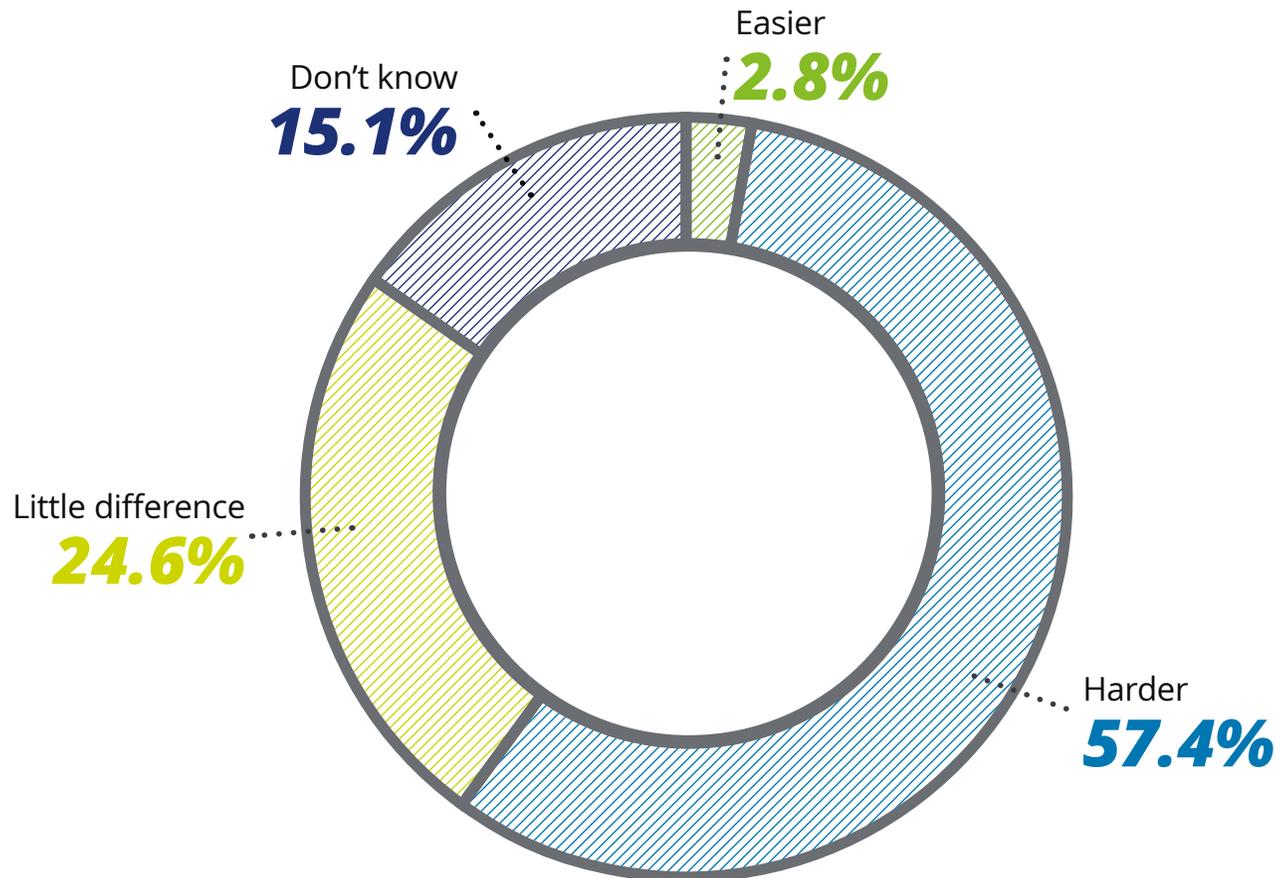
Significant issues

Rate in terms of significance your concern from an indirect tax perspective in respect of the following issues



Compliance obligations

Will Brexit make indirect tax compliance harder or easier to manage?



Consistent with responses to the previous question (and a number of the comments made), a significant majority of respondents consider that indirect tax will become more difficult to comply with. Comments include concerns regarding the transportation of goods (with a potential increase in processing times and costs), admin concerns regarding data privacy and the potential need to appoint fiscal representatives and guarantees in other EU countries, and uncertainty around the application of current EU law and cases. One respondent noted that Brexit may mean that there will no longer be a need to submit Intrastat returns and EC Sales Lists. A number of respondents stated that it was too early to estimate what the impacts would be.



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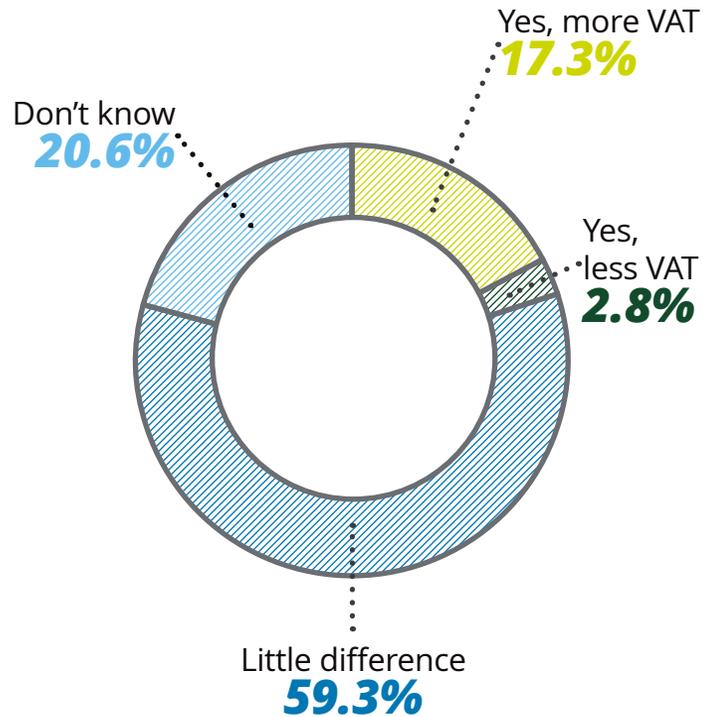
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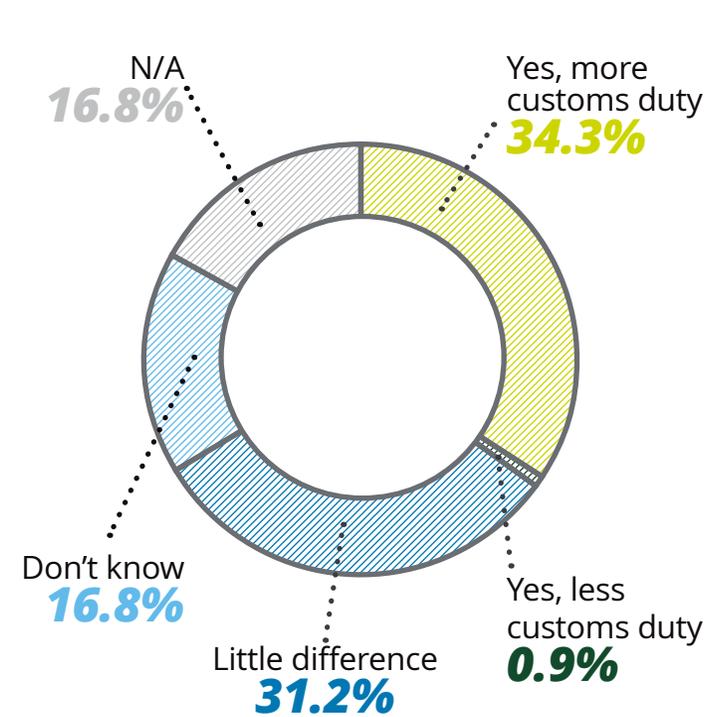
Tax payable

Will Brexit change the amount of VAT your business pays?



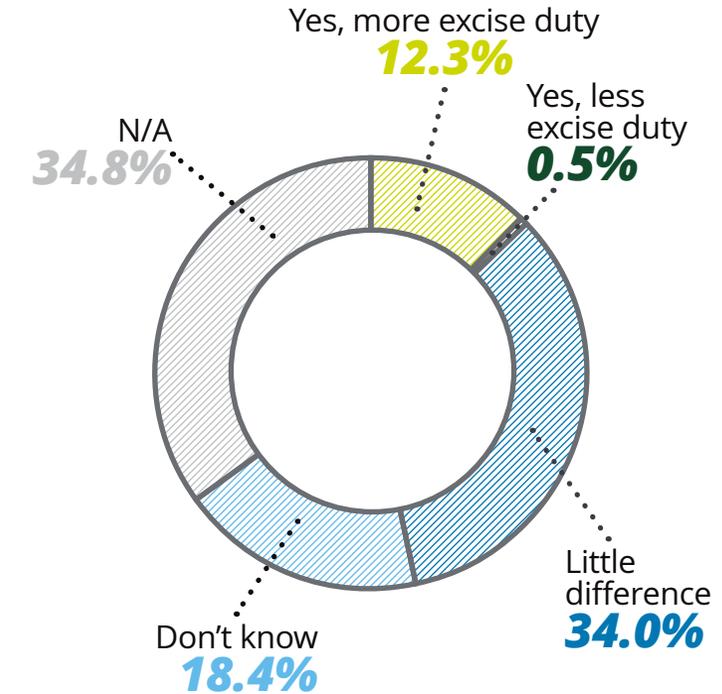
Although there is an expectation that compliance costs will increase, most respondents anticipate little change in the amount of VAT actually payable ...

Will Brexit change the amount of customs duty your business pays?



... however, around one-third of respondents anticipate an increase in customs duty.

Will Brexit change the amount of excise duty your business pays?



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About the survey

More than 430 indirect tax professionals participated in this Deloitte survey on the potential impact of Brexit on Indirect Tax. The survey was conducted in August and September 2016.





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