

Is **your business** prepared for the UK leaving the EU?

On 29 March 2019, the United Kingdom is set to leave the European Union, with details of the future relationship between the UK and the EU still unknown.

We still do not know if:

- there will be any agreement between the UK and the EU and a **transition period**; or
- there will be no agreement concluded and a “**No-Deal Brexit**” entailing widespread changes in tax and transaction settlements between Poland and the UK – currently a quite likely (negative) scenario.

Negative scenario: No-Deal Brexit (imports/exports to and from the UK)

If the UK leaves the EU without an appropriate agreement or transition period, any transactions with the UK will no longer be based on intra-Community supply (ICS) or intra-Community acquisition of goods (ICA), and will be treated as exports and imports, which will change, i.a., the way of making of VAT statements and accounting for VAT.

Moreover, there will be no access to EU directives, causing a need to revert to the Poland-UK Double Taxation Convention, bringing in practical consequences such as:

- a change of the rules for accounting for VAT and excise tax, including the need to fulfil customs formalities;
- a requirement to register your company for VAT purposes in the UK;
- the need to levy withholding tax (WHT) on the distribution of dividends, interest and royalty payments, including **no access to directives** of the EU Council, which provided for, among other things:
 - no taxation of interest and royalties,
 - no taxation of profit distributions between parent companies and their subsidiaries,
 - no taxation of mergers, divisions, transfers of assets and exchanges of shares within the EU;
- the introduction of customs duties on most goods at rates applicable to third countries;
- changes in employment and payroll policies.



Who would be affected?

All businesses trading and making transactions with the UK, but also those involved in chain or tripartite transactions where sales involve at least three entities and goods are transported between the UK and Poland.



How to prepare?

Given the uncertain political situation around Brexit, it will be necessary to properly prepare your business for the UK's exit from the EU.

Start **NOW** – the looming No-Deal Brexit may hit on 29 March 2019, interfering with the smooth running of business.

It is worth considering ensuring appropriate supply and stock levels, preparing for the customs operations ahead, looking through your freight flows and Poland-UK trade agreements, and ensuring that all the documentation needed in case of a Brexit is in place.



Contact us

Our firm can help you weather the storm ahead, preparing for the **likely negative Brexit scenario, so the looming changes will not affect your day-to-day business.**

Our team are experienced in all areas of tax planning for a No-Deal Brexit, currently helping our clients prepare for the negative consequences of this scenario.

If you would like to safeguard your business against Brexit, or want more information on how we can assist you, our experts would be delighted to hear from you..



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