

Brexit and your business

Preparing for Brexit

October 2018

Introduction

With the UK set to leave the EU on 29 March 2019, it is important that all businesses understand the potential impact of Brexit. This factsheet sets out the main Brexit considerations for businesses in the UK, as well as the practical steps they can take to prepare for leaving the EU.

Brexit considerations for businesses

While there is still significant uncertainty about the impact of Brexit, it will have implications for all UK businesses. Important considerations include:

Employing EU nationals

The number of EU nationals applying to work in the UK has dropped significantly following the vote to leave the EU. Businesses that employ EU nationals should keep up to date with any changes to immigration policy and the rules for employing workers from outside the UK.

The UK Government has confirmed that EU citizens will be entitled to live in the UK on the condition that they are residents by the date the UK officially leaves the EU (29 March 2019). The Government has also introduced a 'settled status' scheme to provide more certainty for EU nationals living and working in the UK.

Under the scheme, EU nationals who have lived and worked in the UK for five years by 31 December 2020 will be able to apply for settled status which will allow them to live in the UK permanently. EU nationals can also apply for 'pre-settled' status if they have been living in the UK for less than five years. The applicant's status will then be automatically updated to 'settled' once they have lived in the UK for five years.

Employers should encourage all of their staff members who are non-UK EU nationals to apply to the scheme before the cut-off date of 30 June 2021.

Employment law and workplace rights

Most workplace rights in the UK are derived from EU law, such as those related to working time, discrimination and harassment and family leave entitlements. The UK Government has confirmed that there will be no immediate changes to UK employment and workplace rights post-Brexit, even if the UK leaves the EU without a deal on 29 March 2019.

Exporting and international trade

The UK Government has confirmed that it plans to leave the European single market and has set out two preferred options for the future of trade between the UK and EU. Both options aim to ensure that UK exporters do not face significant additional barriers or requirements when trading with the EU.

Nevertheless, leaving the single market or the customs union is still expected to increase the costs and requirements facing exporters and importers. Businesses that trade with the EU should take steps to understand the potential impact of Brexit on their export and import activities.

HMRC has also published guidance to help UK businesses that only trade with the EU to prepare for a 'no-deal' Brexit. The guidance confirms that EU-only traders would be required to complete customs declarations for the first time from March 2019. UK traders would also have to apply customs, excise and VAT procedures in the event of a 'no-deal'.

Brexit considerations for specific sectors and industries

The Department for Exiting the European Union has published a series of reports about the potential impact of leaving the EU on 39 sectors, including construction, creative industries, retail and tourism .

Brexit will present different challenges and opportunities for different sectors, and as a result, it is important for businesses to identify and understand the impact of Brexit on their sector. Key things to consider include:

- Is my sector heavily reliant on EU workers?
- What are the EU laws and regulations that affect my sector?
- Is my sector a key beneficiary of EU funding?
- What would be the impact of a 'no-deal' Brexit on my sector?

EU funding

The UK Government has confirmed that it will guarantee funding for businesses, universities and other organisations that have secured funding through existing EU programmes until the end of 2020, even if Brexit negotiations result in 'no deal'. All successful bids for EU funding submitted by UK participants will be fully funded for the entire length of the project, as long as a bid is submitted before the end of 2020. Examples of EU funding include Horizon 2020 and the European Regional Development Fund.

Preparing for a 'no-deal' Brexit

The Department for Exiting the European Union has published a series of technical papers to help businesses prepare for a 'no-deal' Brexit. The papers set out the impact of leaving the EU without a deal, as well as the steps businesses can take to prepare.

The papers cover issues such as applying for EU funding, importing and exporting, data protection, intellectual property, workplace rights and consumer rights.

All businesses should familiarise themselves with the papers and use them to inform their Brexit planning.

Planning for Brexit

While the likely outcome of the Brexit negotiations remains unclear, there are a number of practical steps that UK businesses can take to prepare for Brexit. The following table sets out the key issues every business should consider in order to assess their exposure to Brexit. This will help them identify areas where they need to take action.

Key issues	Things to consider
Brexit risk assessment	<ul style="list-style-type: none">• Is your business reliant on EU workers?• Does your business rely on EU funding?• Do you export goods and services to the EU?• What impact will Brexit have on your sector?• Does Brexit present any opportunities for your business?• Have you started planning for Brexit?• Are you prepared for a 'no-deal' Brexit?
Staffing	<ul style="list-style-type: none">• Do you employ EU nationals?• Could Brexit lead to labour shortages in your sector?• Could you up-skill existing staff, take on apprentices or improve staff retention to tackle skills shortages?• Have you taken appropriate steps to support your EU staff to gain residency status?• Have you planned for cut-off dates that might apply to new EU workers arriving in the UK?
International trade	<ul style="list-style-type: none">• Will you need to make additional customs declarations after Brexit?• What would be the impact of World Trade Organisation tariffs on your business?• Have you considered that contracts might need to be re-negotiated as a result of Brexit?• Are you aware that in the event of a 'no-deal' Brexit, exporters will need to:<ul style="list-style-type: none">- Register for a 'UK EORI' number?- May need to apply for an export licence?- May need to make additional declarations when moving goods between the UK and EU?
Supply chains	<ul style="list-style-type: none">• Have you carried out a supply chain mapping exercise?• Do you know where your materials and inputs come from?• Do you know what tariffs might apply to these inputs post-Brexit?• Do you need to change your contracts with suppliers as a result of Brexit?

Useful resources and further information

Brexit resources from the London Growth Hub

<https://www.growthhub.london/brexithub/>

Reports on the impact of Brexit on different business sectors

<https://www.parliament.uk/business/committees/committees-a-z/commons-select/exiting-the-european-union-committee/inquiries/parliament-2017/department-sectoral-analyses-17-19/publications/>

Guidance about how to prepare for a 'no-deal' Brexit

<https://www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal>

'Settled status' scheme for EU citizens

<https://www.gov.uk/settled-status-eu-citizens-families/applying-for-settled-status>



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