Rialtas na hÉireann
Government of Ireland

GETTING
IRELAND
BREXIT
READY

Quick Brexit Guide for Business:

Customs, tariffs and duties, currency, imports, certification, working capital, financing

As of 27 February 2019

dbei.gov.ie

Foreword

As it stands, the UK is scheduled to leave the EU as of 11pm on the 29 March 2019. While many business owners have taken steps to protect their businesses, those who have yet to make plans to mitigate Brexit's impacts must begin to do so now. Regardless of the shape Brexit takes, it will mean changes for many businesses.

This guide is designed to help businesses to prepare for Brexit. It presents a range of key issues that businesses must consider as they prepare. Understanding the likely impacts of Brexit on your business is vital in developing a strong contingency plan.

While it is of course very challenging to make plans with so much uncertainty in the UK, my Department and its agencies have been working with our colleagues across Government to put in place an extensive range of Brexit-related supports, including advice, finance and upskilling to help businesses get Brexit ready.

The guide presents important considerations on what actions businesses should take immediately. It details the key supports and resources available and provides the relevant contact details for ease of access to these supports. I would like to thank KPMG for sharing its expertise with the Department in the development of this guide.

My Department, and its offices and agencies, are always available to advise and support business.

I hope you find it useful.

Heather Humphreys TD

Minister for Business, Enterprise and Innovation.

Issues	What can I do to prepare?
How to start preparing for Brexit	› A first step is to contact your Local Enterprise Office [LEO], Enterprise Ireland [EI] or InterTradeIreland [ITI], where you can find out more about a voucher worth €2,250 to help businesses start to navigate their way through Brexit and which can be used towards professional advice in relation to Brexit matters. This support can help businesses get advice on specific issues such as the movement of labour, goods and services, customs, logistics and financial issues such as VAT and currency management. EI and ITI also offer vouchers worth €5,000 and £5,000 respectively, which will enable companies to implement a change as identified in their Brexit action plan. Visit **localenterprise.ie**, **prepareforbrexit.ie** and **intertradeireland.com** › You may be eligible for the Brexit Loan Scheme, which provides working capital funding of up to €1.5 million to innovate, change or adapt in response to Brexit-related challenges. If you are a microenterprise, you can also access loans of up to €25,000 from MicroFinance Ireland. › Small businesses may also be eligible for a range of advice and supports directly from their nearest LEO. Your LEO can give access to a mentor and advisory services to help you assess the key areas for you to start planning. Visit **localenterprise.ie** › If you export or plan to in the future, Enterprise Ireland can provide advice and have a range of supports for businesses wherever they are on the Brexit preparedness journey. EI's Brexit Scorecard can help you understand your exposure. Visit **PrepareforBrexit.ie** › **For more information on how Brexit will impact business and Brexit supports, consult my Department's Getting Business Brexit Ready page at DBEI.gov.ie/BrexitReady and see Gov.ie/Brexit for a comprehensive overview of important Brexit information** **See back page for a glossary of terms where appropriate.**

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Currency Movement Since the Brexit vote, the value of Sterling has depreciated approximately 13% against the Euro and is expected to remain volatile as political and economic uncertainties continue. Currency exposures for businesses stem not only from the transaction exposure of translating Sterling sales at a weaker rate, but also from reduced competitiveness against now cheaper local UK alternatives.	› Estimate potential currency exposure by identifying the extent by which any Sterling denominated revenues are not offset by Sterling costs. In particular, it is important to test the impact of 10-15% currency changes on your costs of inputs, sales prices and profitability. › In order to protect your business from financial shocks you could consider hedging; talk to your bank about hedging options. The Department of Business, Enterprise and Innovation has produced a leaflet on Currency Risk Management for SMEs, available at **DBEI.gov.ie**
Working capital and financing Most of the Brexit impacts set out in this booklet will have an impact on your working capital needs. You need to ensure that you can access additional liquidity if you need it.	› Ensure your business has sufficient liquidity in place, including debt and revolving credit facilities, in advance of 29 March 2019 to withstand potential shocks. › If you haven't already done so, consider applying for a working capital loan under the Brexit Loan Scheme. Once you have a sanction in place from one of the participating banks, it will be available for draw down as soon as you need it and remains valid for four months. You can apply at **sbci.gov.ie/brexit-loan-scheme** › If you are a Microenterprise (employing less than 10 people and with turnover of less than €2 million p.a.) you can also access loans of up to €25,000 from Microfinance Ireland. You can apply through the LEO network, or directly through **microfinanceireland.ie** › Review covenant calculations and headroom to pre-empt breaches as a result of earnings and foreign exchange weakness and engage with lenders. › Review all relevant cashflow forecasts, consider currency assumptions and whether updating is required.

Issues	What can I do to prepare?
Impact on Supply Chain After Brexit, there will be an impact on supply chains from both a tariff (Duty) and non-tariff perspective (potential delays, customs clearance requirements, etc.). If you depend on a product, component or perhaps a service sourced from the UK, your supply chain may be at risk. You may not be directly impacted by Brexit, but could be exposed through your supply chain.	› Review your supply chain. In particular, look at how goods you use or produce move into and out of the UK, and whether there is potential for disruption from Brexit. Consider also the services you depend upon for trade. Consider actions to mitigate this disruption. › Seek assurances from your suppliers about continuity of supply for goods and materials, and their customs compliance arrangements. › Check that Drivers CPC (Certificate of Professional Competence) is valid after Brexit. If Driver CPC is UK issued it can be exchanged prior to 29 March 2019 for an Irish Drivers CPC from the Road Safety Authority. Visit **rsa.ie** › If you intend to drive in the UK after Brexit you should contact your insurance company to obtain a Green Card before you travel to ensure you have proof of insurance. For more information contact the Motor Insurers' Bureau of Ireland **mibi.ie** For more information, visit **DBEI.gov.ie/**

Issues	What can I do to prepare?
Customs Clearance If you trade with the UK, you will have to comply with EU customs obligations after Brexit. **Customs declarations** will be required to move goods from Ireland to the UK and vice versa. Both "import" and "export" declarations will be required. If you import or export goods to the EU using the UK landbridge you can avail of the Customs Transit procedure. However, to do so a Revenue authorised comprehensive guarantee must be in place. In practice, much of the customs requirements can be handled by an agent or operator moving your goods. You will however be responsible for providing your appointed agent with accurate information. Incomplete or inaccurate information will lead to delays which could cost you money.	› **Register now with Revenue for an EORI number to continue trading with the UK after Brexit.** If you intend to import from or export to the UK after Brexit, you will need a unique EORI (Economic Operators' Registration and Identification) number. This number is valid throughout the EU. You can register for an EORI number through the Revenue website using your Revenue Online Service [ROS] account. › If you intend to customs clear and import goods in your own name into the UK, or trade online into the UK, you will need to register for a UK EORI number with HMRC (the UK's Revenue & Customs) and it is likely that you will also be required to VAT register in the UK. **https://www.gov.uk/government/organisations/hm-revenue-customs** › If you want to use the simplified transit customs process for goods using the landbridge, you (or your customs agent or logistics company) must put a Revenue-authorised Comprehensive Guarantee in place. This takes time, so you should start the process now. › Consider whether you want to complete customs declarations yourself or use a third party such as a customs agent or operator to do so on your behalf. If you want to use a third party, start engaging now with agents/operators and agree a "pricing schedule" for filing declarations. › For more detail on key customs concepts, documentation and processes you can access a 45-minute online customs training tool developed by Enterprise Ireland at **https://www.prepareforbrexit.com/customs-insights-course/** Visit **LocalEnterprise.ie** for more information on the customs workshops run by the Local Enterprise Offices. These one-day interactive workshops aim to provide businesses with a better understanding of the potential impacts, formalities and procedures when trading with the UK post Brexit.

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Tariffs/Duty After Brexit, Customs Duty will apply to the import of many goods from the UK into Ireland. Unlike VAT which is recoverable by many businesses Customs Duty is not recoverable and will represent an additional cost of import. The rate of Duty arising on goods depends on the classification of the particular goods. All goods should have an assigned classification code. There are specific rules which apply for valuing the import of goods for Customs purposes. Rules of Origin are the rules by which Customs and other authorities determine the originating source of an imported product. It is not necessarily the country the goods were shipped from. However Government will introduce a system of postponed accounting for all traders for a period after Brexit so businesses will not have to pay VAT at the point of import of their goods coming from the UK.	› Classify the goods that you import or export for customs purposes. › Consider the implications of VAT and Excise Duties on your imports. Understand and document the Country of Origin of your imports and exports. › Consider applying to Revenue for a VAT and Duty deferment account. This will allow you to defer the payment of VAT and Duty to the 15th day of the month following the month of import of the goods. **The lead time to obtain Revenue approval for a deferment account can be at least two months. Also a financial guarantee from an EU established financial institution or a cash deposit is required, both of which can take time to put in place.** › **Contact your local Chamber of Commerce** who have an extensive set of resources to support businesses trading internationally. They develop and maintain Incoterms® rules which are an internationally recognised standard and are used worldwide in international and domestic contracts for the sale of goods. In addition, they provide a range of training courses in International Trade as well as the 2018 ICC Guide to Export/Import. For further information see **chambers.ie** › Review contracts with suppliers and customers and especially Incoterms. Incoterms or trade terms inform parties what to do with respect to the carriage of goods from buyer to seller, and who is responsible for export and import clearance and payment of VAT and Duties. They also explain the division of costs and risks between the parties. › Explore the extent to which available customs reliefs such as inward processing relief, customs warehousing, Authorised Economic Operator or procedures such as Transit could benefit you. › Assess what changes may be required to your ERP (Enterprise Resource Planning) or finance systems to cater for a changed VAT and Customs Duty accounting regime after Brexit.

Issues	What can I do to prepare?
CE Marking, Conformity Assessment and Certification Certification from a UK notified body will no longer be valid in the event of a no-deal Brexit. You may need to transfer or seek new certificates issued by an EU27-based body or authority. This is the case, in particular, for certificates issued for goods.	› If your business currently relies on a UK notified body, you need to check whether the UK notified body is registered to an EU27 member state. › If they are not registered to an EU27 member state, please consult the EU Commission NANDO website for a list of all designated notified bodies in the EU27, to find an alternative notified body. You can find the Commission's NANDO website at **http://ec.europa.eu/growth/tools-databases/nando** More information on CE marking, conformity assessment and certification is available at **DBEI.gov.ie/BrexitReady** The National Standards Authority of Ireland has a range of Brexit Factsheets on conformity assessment for businesses available at **NSAI.ie/brexit/brexit-factsheets/**
Imports If you source products from the UK, after Brexit you may be subject to increased responsibilities as an importer.	› You will need to ensure that the manufacturer you are sourcing from has carried out appropriate conformity assessment, prepared all required documentation, fulfilled their other legal obligations and affixed the CE mark where appropriate. › If you have any doubts about the conformity of the product, you must not place it on the EU market. If the product has already been placed on the market, you must take corrective actions. This may include withdrawing or recalling the item. › You need to be aware of and understand these responsibilities. If you are unwilling to take on the responsibilities of an importer, seek alternative sources in the EU. For more information on your responsibilities as an importer, visit the NSAI's Brexit page at **NSAI.ie/Brexit**

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Additional Controls, Prohibitions and Restrictions on Imports and Exports There are notification, licencing or registration/certification requirements for certain products. Imports and exports of certain commodities are subject to specific permits or notifications, for example radioactive material, waste, and some chemicals.	› Traders importing and exporting products of animal origin and certain agricultural products (e.g. plant products) must comply with certain import/export conditions and controls. Consider whether you may be subject to any additional licencing, notification and certification or registration obligations in Ireland or the UK. › Post-Brexit, goods moving to or coming from the UK will be subject to the EU's import/export prohibitions and restrictions. You need to understand what new restrictions will apply on the goods that you intend to continue importing, exporting or moving through the UK after Brexit. › You must take the necessary steps to ensure compliance. More information is available at **revenue.ie/en/customs-traders-and-agents**
Common Travel Area Protecting and maintaining the Common Travel Area and the associated rights and privileges is a key part of the Irish Government's contingency planning and preparations.	› Irish citizens can continue to travel freely in the same manner as before Brexit. › Both the Irish and UK governments are committed to maintaining the Common Travel Area in all circumstances, and have committed to undertaking all the work necessary, including through legislative provision to ensure that the Common Travel Area rights and privileges are protected.

Issues	What can I do to prepare?
Data Protection Brexit will have data protection implications. The UK will become a "third country" for the purposes of the General Data Protection Regulation (EU) 2016/679 ("GDPR") after 29 March 2019 in the event of a No Deal Brexit and transfers of personal data to the UK from the EU will be subject to the rules on international transfers to third countries provided for in the GDPR and other EU directives and regulations. To date, the EU Commission has stated that the adoption of an accelerated adequacy decision, which would permit transfers of personal data to the UK, is not part of the Commission's contingency planning.	› In the absence of an 'adequacy decision', organisations should review what data they send to the UK and consider the options available to lawfully transfer personal data to the UK by: › Amending contracts and inserting the model Standard Contractual Clauses › Applying for binding corporate rules ("BCRs") to be adopted for Group transfers › Considering whether any of the derogations provided in the GDPR apply, for example, explicit consent › Upgrading Privacy Notices and other documents For further information, refer to the Data Protection Commission's website at **https://www.dataprotection.ie/en/news-media/latest-news/dpc-issues-important-message-personal-data-transfers-and-uk-event-no-deal.**
Roaming Providers of mobile communications services (calls, SMS or data) will no longer be bound by EU roaming rules when operating in the UK. This means they may apply surcharges to UK customers using roaming services in the EU and EU travellers using roaming in the UK.	› You should monitor changes to mobile services when travelling in the UK after Brexit. Surcharges may be applied to EU travellers when roaming in the UK.

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UK Creditor and Debtor Management	› Introduce strategies to ensure your continued ability to make payments. Proactively follow up with UK based creditors and debtors and agree priorities. › Consider location of bank accounts and forecast anticipated receipts and payments.
Inventory and Order Management	› Consider additional administration requirements and resources that may be required to deal with new border arrangements (see details on VAT and Customs).
Customer Management	› Consider key clients and their exposure to Brexit risks. Are credit terms and limits appropriate? Proactively engage to discuss. › Consider profitability and pricing of contracts in the UK and whether adjustments are required to avoid losses.
Investments/Project Financial Close	› Consider timing of key investments and projects. Where possible, bring forward closing-dates for key financial and legal documents. Consider the most appropriate legal jurisdiction for all such documents.

Glossary

Covenant

Clause in a corporate bond agreement in which the issuer makes certain promises designed to protect the bondholder. These could involve commitments on debt-equity levels, dividend payments, cashflow, etc. Sometimes called protective covenant or restrictive covenant.

Hedging

A strategy aimed at minimising or eliminating risk, normally involving positions in two different markets, with one offsetting the other. Derivatives – futures and options – are widely used for hedging purposes because they can protect an investor against changes in the spot value of an underlying asset or currency.

Liquidity

Cash, cash equivalents and other assets (liquid assets) that can be easily converted into cash (liquidated).

Revolving Credit

A credit line for a fixed sum that is automatically renewed once the whole sum (or an agreed portion) has been repaid.

Developed in association with KPMG

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