

# BREXIT Focus: Exporting & International Trade



## RSM aims to guide businesses through post-Brexit maelstrom

Next January will see a huge sea-change for which firms in Britain and Ireland must navigate, writes **JJ O'Donoghue**

‘Essentially, you are going from a perfect free trade scenario to an unknown one, potentially governed by World Trade Organisation rules. That’s what trade rules will default to in the absence of a deal,’ said Paddy Stapleton, a tax partner who oversees the Britain desk in Ireland at RSM.

In simple terms, what that means is that, from January 1 next year, cargo leaving Rosslare bound for Britain “will change from being a supply within the single market to being an export to a third country, which will drive new complexity and cost for businesses”.

On a practical level Brexit will require companies and businesses on both sides of the Irish Sea to implement a raft of changes governing

Vat, dealing with customs and managing supply chains.

RSM, a global accountancy firm with offices in Ireland and Britain, is guiding businesses on both sides of the Irish Sea as they navigate the choppy waters ahead of the withdrawal.

“The change in environment from January 1 will require Irish businesses to potentially register for Vat in

Britain, whereas they would have not had that requirement before. Businesses may also need new corporate entities or branch structures”, Stapleton said, outlining one significant change in doing business with Britain.

He said that while a lot of large businesses have developed a “Brexit plan” over the past 12-18 months, “it’s been difficult for SMEs and mid-market companies to spend limited resources on a Brexit outcome [the details of which] nobody knows for certain.”

According to Stapleton, there is still a large cohort of businesses that have yet to substantially prepare for Brexit.

During an informal poll in one of RSM’s recent Brexit-ready webinars a significant proportion of businesses were either at review stage or hadn’t done anything, he said.



**Paddy Stapleton, RSM Ireland**

He also pointed out that there was considerable concern expressed by the Revenue Commissioners that Irish businesses haven’t done enough to prepare for Brexit.

The global health pandemic brought on by Covid-19 hasn’t helped either as it disrupted business plans and redirected resources from the looming deadline.

“Practically, what we are trying to do with businesses is help them through the Brexit process,” Stapleton said.

That process starts with an analysis of their supply chain. “If a company is doing business with Britain, or equally



**Patrick Norris, RSM UK**

for British businesses selling to the Irish market, we will help review their supply chain and terms of business and tell them as far as possible what practical changes they need to make.

“This may also mean engaging with their customers to work through these changes.”

Brexit is also impacting British businesses doing business in Ireland.

“For the first time they may need an Irish Vat registration. This will be driven by the terms of business and negotiating with customers on who will be responsible for importation. So it’s driving

a lot of new compliance and reporting requirements that they didn’t previously need,” Stapleton said.

Across the Irish Sea, businesses in Britain that deal with Ireland are preparing for the deadline says Patrick Norris, who heads up the Irish desk at RSM in Britain from his base in Glasgow.

“Interest from British businesses incorporating in Ireland has really ramped up. We are getting several enquiries a day now and people are unsure as to why they need one, but are hedging their bets against the worst case scenario” said Norris.

“With nine weeks until the end of the transition period, business leaders in both Ireland and Britain are understandably asking for more clarity over what is needed to be done in order to adequately prepare.”

With the Brexit clock ticking, businesses are spread across the board in terms of how prepared they are for January 1. RSM is taking a holistic approach to all aspects of Brexit, and can step in to guide businesses whether they are just starting their Brexit planning, or are well advanced on the road to what will be a whole new landscape.

## British Irish Chamber urges firms to prepare

BY JJ O'DONOGHUE

In light of the uncertainty surrounding Britain’s withdrawal from the European Union, which is less than nine weeks away, the key message from the British Irish Chamber of Commerce is “Get Brexit-ready now”.

“While we are confident that a deal will be reached between the EU and the UK, it is not yet certain. But what we do know is that any agreement will be limited in its scope and range,” says Paul Lynam, director of policy at the British Irish Chamber of Commerce in Dublin.

What is known is that from January 1, 2021, Britain will be classified as a ‘third country’ in line with the EU’s Union Customs Code (UCC).

As detailed by the Revenue Commissioners, Britain’s new status could see a massive increase in paperwork, data and administration across all areas of trade with the country.

As a consequence of Brexit, the Revenue Commissioners estimate that import/export declarations will increase from approximately 1.6 million to 20 million.

Transit declarations will increase from around 36,000 to a staggering four million and safety and security declarations will increase from approximately 100,000 to 25 million.

This is why the British Irish Chamber of Commerce is hammering home its message to all businesses and companies on both sides of the Irish Sea.

Trade between the two countries is worth over €80 billion and, as Lynam points out, trade in services outweighs that of goods – €46 billion vs €36 billion. In the event that the EU and Britain are unable to agree a free trade agreement, Irish goods exports to Britain and Irish imports from Britain will be liable for tariffs.

“In this scenario, it is important that traders familiarise themselves with their potential tariff obligations,” Lynam says.

Even in a normal year, getting all facets of a business Brexit-ready would be a monumental task; add a global health pandemic triggered by Covid-19 and it’s a massive task for the business community in Ireland as they gear up for the new trading landscape come

January 1 with their largest two-way trading partner.

The British Irish Chamber of Commerce, which was founded in 2011 prior to Queen Elizabeth’s historic visit to Ireland, and the subsequent state visit of President Higgins to Britain, and which has offices on both sides of the Irish Sea, has outlined a streamlined playbook to help businesses prepare.

The plan, as Lynam outlined, covers everything from securing an Economic Operators Registration and Identification (EORI) number for interactions with customs authorities in EU member states to navigating the new customs codes and communicating with British suppliers to see if they have concrete plans in place.

Lynam pointed out that it’s also important to check with government agencies in order to avail of the financial supports they have established, as well as the €3.4 billion fund the government announced earlier this month to help combat the twin threats of Brexit and the continuing impact of Covid-19.

The chamber is also using its influence and network to organise important seminars ahead of the withdrawal. On November 16, in partnership with Ulster Bank, it will hold a pivotal seminar that sounds an optimistic note: Deal or No Deal: We’ve Always Traded, and We Always Will.

The event, held over Zoom, will feature Simon Coveney, Minister for Foreign Affairs, Paul Johnston, British ambassador to Ireland, Julie Sinnamon, chief executive of Enterprise Ireland, Simon Barry, chief economist of the Republic of Ireland, Ulster Bank and Paul Lynam, director of policy at the British Irish Chamber of Commerce.



**Paul Lynam, director of policy at the British Irish Chamber of Commerce in Dublin**



### Thinking about your business is a big part of ours.

To prepare your business to move confidently through Brexit and into the future, you need an adviser who understands you and the world you are operating in.

RSM are a top ten firm in Ireland specialising in providing tax, audit, consulting services and transaction advice. As part of the RSM Global network with member firms in over 120 countries and by working closely with our colleagues in RSM UK on Brexit matters, we are extremely well positioned to offer expert advice and guidance throughout each step of your Brexit journey.

Experience RSM | [rsmireland.ie](https://rsmireland.ie)

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING



RSM Ireland Business Advisory Limited is a member of the RSM network and trades as RSM Ireland. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction. The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040758) whose registered office is at 50 Cannon Street, London EC4N 6GJ, United Kingdom. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 of the Civil Code of Switzerland and whose seat is in Zug, Switzerland. © RSM International Association, 2020

## Giving SMEs a leg up as clock ticks down

BY JJ O'DONOGHUE

If pulling out of the EU after nearly 50 years of membership wasn’t already fraught enough, the issue of Britain’s only land border being on the island of Ireland has only added to that.

That’s why organisations such as InterTradeIreland, established 20 years ago, are key to getting businesses on both sides of the border ready for the seismic shift come January 1, 2021.

With cross-border trade worth an estimated €7 billion, the Newry-based trade organisation is at the forefront in making sure the UK’s transition from member to non-member state is one which can be managed as best as possible for SMEs throughout Ireland.

Key to that preparation is its Brexit advisory service, introduced in 2017. A great resource for all companies, it employs a dedicated team to guide businesses through the complexities of everything from supply chains to impending tariffs depending on the final shape of the Brexit deal.

Another essential tool available through the service is a tariff checker. In the event



**Margaret Hearty, InterTradeIreland's director of business services: 'There are inherent risks to be aware of'**

of a no-deal Brexit the tariffs the EU has registered with the World Trade Organisation would probably be applied to

goods entering Ireland from the North.

While the British government has indicated that it will

not apply tariffs in the first instance to goods entering the North from here, this would be an interim measure only.

As the clock winds down to a possible deal, one of InterTradeIreland’s most recent campaigns is “Making Brexit more manageable”.

The new campaign urges firms to seek support to get ready for life after Brexit, with tips on recommended practical steps and a link to a funding application on its website.

InterTradeIreland has also been proactive in assisting business owners to inform themselves on the complexities in trade and commerce.

To this end it has issued more than 2,000 “Brexit vouchers” to date. Designed to assist businesses get professional advice in order to identify Brexit exposure and plan accordingly, the vouchers are worth up to €2,250.

The most practical thing any business can do now is to avail of InterTradeIreland’s fully funded solution to bring a professional service provider in to help them understand the risks and options, which is where the “Brexit vouchers” play a pivotal role.

“This could mean the need to employ a customs agent or train up staff internally to

look after additional customs paperwork,” says Margaret Hearty, director of business services at InterTradeIreland.

“If a deal is reached, the Northern Ireland protocol protects cross-border trade. However, there are other inherent risks that companies need to be aware of.

“This could be the sourcing of component parts off the island for use in manufacturing. There are also many outstanding things that need to be agreed for services, which is a large and growing part of cross-border trade. In some cases businesses have been moving goods across the border, and there may be a service aspect to that such as maintenance or follow-up that they haven’t thought about.”

Hearty said there was a significant uptick in applications for the Brexit voucher when first wave of Covid-19 hit the island.

“However, there is still a sense that a lot of companies haven’t done anything yet in preparation for Britain’s departure from the EU. With all of the different deadlines, businesses feel they will march to the top of the hill and then things will change. But it is critical for firms to take action now.”