

Essential actions businesses should take now

Act now to safeguard your business

Although the UK Parliament has voted to request an extension to the Article 50 process, unless an orderly Brexit can be negotiated with the EU the default position is that the UK will exit with no deal.

It's vital that businesses act now to put them in the strongest possible position to adapt and thrive. There's no time to lose.

Exiting the EU with no deal represents the most significant change to Scotland's economy for a generation. All businesses will be impacted, some very significantly. The business risks from not being prepared far outweigh the management time and costs from acting now.

Six actions you need to do immediately in the event of a no-deal Brexit. These can't wait until after Brexit:

1. Apply for an [EORI number](#) to continue to export and import after Brexit. Businesses that have only ever traded inside the EU will not have an EORI number.
2. Decide if you want to use a customs agent or [Chamber of Commerce](#) to handle customs documentation, or whether you can do this in-house. If you plan to handle this, apply for HMRC [training grants](#) to upskill your staff and buy the required software.
3. Register to use [Transitional Simplified Procedures](#) to avoid making full customs declarations for imports at borders, and postpone paying import duties
4. Once you've identified the tariffs that will apply to your products, as well as estimated additional costs (such as border delays and likely currency fluctuations), carry out cash flow projections to assess the need to access additional working capital. Exporters should plan on the basis that [WTO tariffs](#) will be introduced following no-deal. However, [temporary tariffs](#) will be introduced for imports for 12 months following no-deal.
5. Speak to your bank in the first instance to discuss flexibility for existing borrowing and any new borrowing requirements
6. If your business operates across the EU or exchanges [personal data](#) with partners in the EEA, consider possible changes that need to be made ahead of the UK leaving the EU to stay compliant

Exporters and importers must prepare for new trading processes

Familiarise yourself with the range of [changes to trade processes](#) taking place after Brexit and ensure your business is fully prepared.

Apply for an [Economic Operator Registration and Identification \(EORI\) number](#) so you can continue to trade with the EU. You'll need this eight-digit number beginning with the prefix 'GB' to be able to complete customs documentation.

If you already have an EU EORI number (a number beginning with a different country prefix such as 'IE' or 'FR') you do not need to apply for a new UK EORI number just yet. HMRC will continue to recognise your EU EORI number for a temporary period.

Decide if you want to use a customs agent or [Chamber of Commerce](#) to handle customs documentation on your behalf, or whether you can do this in-house. Speak to them now to confirm your requirements. HMRC have identified 145,000 VAT-registered [UK businesses who only trade with the EU](#), who will all have to complete customs paperwork for the first time.

If you're completing your own customs documentation, ensure you have enough staff with the right skills in place. You may still be able to access [HMRC advice](#) and [training grants](#) to help your staff complete the required customs declarations and buy new software.

Find out what [trade tariffs](#) will apply to your imports and exports. Exporters should plan on the basis that WTO tariffs will be introduced following no-deal. However, [temporary tariffs](#) will be introduced for imports for 12 months following no-deal.

First, use the UK Trade Tariff tool to find the [commodity codes](#) for your goods. Using the wrong codes for your products in customs declarations risk paying the wrong tariff, costly delays at the border or even goods being blocked into the EU.

Find the [WTO tariff for exports](#). Choose a country from the drop-down list that is currently subject to WTO tariffs – the UK will not appear on this list until after Brexit.

View the [temporary rates of customs duty on imports](#) after EU exit. This allows you to find out whether a preferential tariff rate, MFN tariff rate or tariff quota rate applies by searching for the good using the commodity code. HMRC can advise if further help is needed.

With disruption anticipated at UK borders, speak to your logistics provider now to find out how this might affect your imports and exports. You may need to secure alternative supplies or take other mitigation actions.

Sign up for [Transitional Simplified Procedures](#). TSP is designed to streamline the import process after Brexit for EU goods and goods from the rest of the world imported via the EU. TSP allows you to import goods into the UK without having to make a full customs declaration at the border, and you will be able to postpone any import duties.

Once registered, you'll be able to transport your goods into the UK without having to make a full customs declaration at the border. You'll also be able to postpone paying your import duties. Note that TSP will only operate at English roll-on roll-off ports such as Dover and the Channel Tunnel.

Find out what actions you need to take to use [UK VAT IT systems](#) once the UK leaves the EU. VAT postponed accounting is also being introduced. This allows you to declare and recover import VAT in your next VAT return rather than when your goods arrive at the UK border. This applies to imports from EU as well as the rest of the world. Speak to your tax agent and authorise them to use postponed accounting for import VAT on your behalf.

[Read full UK Government's guidance for importing and exporting under a no deal scenario](#)

All EU citizens must register under the EU Settlement Scheme by June 2021

The Scheme fully opens for registration from late March and the £65 registration fee is being waived for applications after April. You should now be communicating with any affected staff to understand their plans and be able to support them through this process. The UK Government has now waived the £65 registration fee for applications after April. Access further advice in the [Employer Toolkit](#)

Signpost affected employees to advice and information from the [UK Government](#) and the [Citizens Advice Scotland](#)

Carry out cash flow projections to help stress-test your business

Under a 'no-deal' outcome, both importers and exporters are liable for tariffs. Check your [commodity code](#) to find out what tariffs will apply to your products. Exporters should then identify the [WTO tariff](#) for their products while importers should check if their products are liable for [temporary rates of customs duty](#) after EU exit.

Any customs delays, new customs documentation as well as additional product certification will also add cost.

Currency fluctuations will directly affect importers as well as exporters – and higher costs are likely to be passed to supply chain companies who do not import or export themselves.

Assess how these extra costs affect your cash flow and contracts. Do you need to access additional short-term working capital to cover increased costs and inventory, and manage any currency risk? If so, speak to your bank in the first instance if you have concerns – banks have indicated a willingness to be flexible with existing customers.

Alternatively, [discuss other finance options with our expert advisers](#)

Ensure you continue to comply with data protection law

If your business operates across the EU or exchanges personal data with partners in the EEA, you now need to consider changes to comply with the legislation after Brexit.

[Read the UK Government guide on 'Using personal data after Brexit'](#)

[Read the guide 'Data protection if there's no Brexit deal' on ico.gov](#)

Use the ICO's tool for assessing whether your business can rely on implementing standard contractual clauses (SCCs) for transfers from the European Economic Area (EEA) to the UK.

Take steps to avoid any disruption in business travel after Brexit

All [UK passports](#) must be valid for at least six months before arriving in the EU27.

If you plan to drive in the EU you may need to get an [International Driving Permit](#)

The EU and UK Government have given assurances that any [air travel disruption](#) should be minimised but also recommend you take out travel insurance.

Continue to review and adapt to changing circumstances

The changes taking place as a result of the UK's exit from the EU will have far-reaching implications for many areas of business operations. Some actions will need to be taken urgently – for example, to enable your business to continue to trade or to remain compliant with relevant legislation – but others will only become clearer once the dust has started to settle.

Now is the time to review or develop your business' strategic plan. Consider the following questions:

- What changes need to take place now to allow you to continue to operate as you have been?
- Considering the new risks and opportunities for your business as a direct or indirect consequence of Brexit, what strategic and tactical changes do you need to make?
- What changes are your customers and/or suppliers planning to make?
- Given the changed business landscape, how should your business' goals change over the next 3, 6, 24 months etc?

Check back at the www.prepareforbrexit.scot website for updates to the information, advice and funding support available to you. We're working very closely with the UK and Scottish Governments to provide up-to-date support to businesses across Scotland.

Got a question? [Submit an enquiry](#) or call us on **0300 303 0661**

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