

What Just

Happened?



‘The UK-EU Trade and Co-operation Agreement (TCA): implications, challenges and next steps’

Prepared by
Professor Alex de Ruyter
and Mike Stokes, Exportential

Edited and Delivered by
Karl Dalgleish

Trade (including economy, social standards, environment and fisheries)

- **Zero-tariff zero-quota trade agreement for goods that comply with Rules of Origin provisions.**
- **Level playing field provisions in environmental standards, labour standards, social standards, tax regimes and State aid.**
- **Limited market access for road, rail, maritime and air travel between UK and EU including level playing field provisions on passenger rights, worker rights and transport safety.**
- **Social security coordination to secure basic reciprocal rights for UK and EU nationals.**
- **Model for energy trading and interconnectivity which includes guarantees for “open and fair competition” and safety standards.**
- **Continued UK participation in certain EU funding programmes (e.g., Horizon 2020) for 2021-27 subject to UK financial contribution to EU budget.**

The UK-EU TCA – **key aspects**

Citizens' Security

- Mutual framework to uphold law enforcement and ensure judicial cooperation in criminal and civil law
- Sanctions provisions (suspension of cooperation) if UK violates its commitments to the European Convention of Human Rights and its domestic enforcement thereof.
- Protection of personal data.

Governance

- Joint Partnership Council to ensure FTA is appropriately applied and interpreted by each side.
- Dispute resolution to uphold level playing-field provisions.
- Sanctions: both parties can apply cross-sector retaliation if Agreement is violated.
- Review of Agreement every four years

EU Exit

The Current State Of Play



- We left the EU on 31/01/2020
- The 11 months transition period ended on 31/12/2020
- We left the single market and the EU customs union
- Trade deal agreed with the 27 countries of the EU
- Trade deals completed with over 60 non-EU countries
- “GSP” arrangement covers 71 developing nations
- Deals in place with over 160 countries around the world

TRADE AGREEMENT IN PLACE (EU)

Austria
Belgium
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Netherlands
Poland
Portugal
Romania
Slovakia
Slovenia
Spain
Sweden

TRADE AGREEMENT IN PLACE (Rest of the World)

Antigua & Barbuda	Lesotho
Bahamas	Liechtenstein
Barbados	Mauritius
Belize	Moldova
Botswana	Morocco
Cameroon	Mozambique
Chile	Namibia
Colombia	Nicaragua
Costa Rica	North Macedonia
Cote d'Ivoire	Norway
Dominica	Palestinian Authority
Dominican Republic	Panama
Ecuador	Papua New Guinea
Egypt	Peru
El Salvador	Samoa
Eswatini	Seychelles
Faroe Islands	Singapore
Fiji	Solomon Islands
Georgia	South Africa
Ghana	South Korea
Grenada	St.Kitts & Nevis
Guatemala	St. Vincent & Grenadines
Guyana	St.Lucia
Honduras	Switzerland
Iceland	Trinidad & Tobago
Israel	Tunisia
Jamaica	Turkey
Japan	Ukraine
Kenya	Vietnam
Kosovo	Zimbabwe
Lebanon	

AGREEMENTS TO BE COMPLETED (Imminent)

Canada - *preferential duties already in place*
Jordan
Mexico - *preferential duties already in place*

AGREEMENTS TO BE COMPLETED (Ongoing)

Albania
Algeria
Bosnia & Herzegovina
Montenegro
Serbia

MUTUAL RECOGNITION AGREEMENTS

Australia
New Zealand
USA

GENERAL SYSTEM of PREFERENCE

Very preferential or zero rates of import duty

71 developing countries, including
Bangladesh
Bolivia
Cambodia
Ethiopia
India
Nigeria
Pakistan
Philippines
Sri Lanka
Tanzania
Uganda
Uzbekistan

Implications

- **TCA has led to the creation of a new customs regime and an accompanying range of border checks for UK-EU trade.**
 - **Includes NI, which remains in effect in Single Market and Customs Union**
- **TCA excludes services, so implications for eg financial services within gift of EU to decide.**
- **More clarity is needed on:**
 - **UKCA Kite-mark**
 - **Issues around data transfer between EU and UK, and:**
 - **Employment of skilled personnel from EU.**

CBI Observations

- **The UK services sector nearly 80% UK's GDP and 4 in 5 workers.**

- **UK & EU agreed to commitments on market access for services in the TCA.**

- **The UK is the world's second largest exporter of services and the EU is the largest recipient – 40% of the UK's total services exports.**

- **But substantial number of exemptions and the level of access for UK services firms will vary sector by sector and from one-member state to another.**

What Changed in January (of note for services)



- **EU nationals have until June to obtain “settled status”**
- **UK’s new Immigration Laws have come into force**
- **Passports must have at least 6 months to run**
- **No visas or work permits required – unless more than 90 days out of 180 are spent in the EU**
- **EHIC fine until expiry date, then GHIC will apply**
- **VAT changes (export)**

Some **VAT Rules** for Digital Services

- The place of supply rules - common framework for deciding in which country a transaction should be subject to tax.
- **Educational services can be confusing**
- If E-services to consumers through a portal, need to determine if supplying the consumer, or platform operator.
- **A business which makes cross-border digital service supplies must get and keep 2 pieces of information as evidence of where a consumer normally lives**
- If you supply a package of services, or goods and services, you'll have to decide whether the complete package should be considered and taxed as a single (bundled) supply, or taxed as multiple separate supplies.
- **Electronically supplied means e-services which are automatically delivered over the internet, or an electronic network, where there's minimal or no human intervention.**
- Not sure if your supplies are digital services? email: vat2015.contact@hmrc.gov.uk.

Value Added Tax

- SALES TO EU UP UNTIL 31st DECEMBER 2020
- B2B Services Zero (must quote customer VAT no. on invoice)
- B2C Services UK rate of VAT (some exceptions)
- B2C Digital Services Local rate of VAT (need to register locally or for VAT MOSS)

- SALES TO EU FROM 1st JANUARY 2021
- B2B Services Zero
- B2C Services Zero (some exceptions)
- B2C Digital Services Local rate of VAT (need to register locally or for VAT MOSS)

What Changed in January that may be of relevance to Services?

- **The VAT rules applying for supplying services between the UK and EU become the same as the rules for supplying services from the UK to outside the EU**

- **You'll need a work permit to work in most EU countries if you're a UK citizen.**

- **Agreements, Contracts, Ts&Cs**

- **Intellectual Property**

- **Data Protection**

- **UKCA Marking**

- **New Turing Scheme**

Export Opportunities

- **Export Trade Deals in place with over 90 countries**
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- **Increased exports will aid recovery from Covid landscape**
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- **“Levelling Up” agenda (Northern Powerhouse)**

- **Department for International Trade’s new “Export Growth Plan”**

- **Additional local advisers**
- **“Export Academy” training webinars**
- **“Internationalisation Fund” programme of matched funding support**
- **More resources, more training and more funding**

What Support Is There?

- Department for International Trade
- Local business support teams
- Chambers of Commerce, FSB, IOD, IOE and HMRC
- Freight Forwarders, Carriers, Hauliers
- IP Specialists, GDPR Specialists, Packaging Specialists
- Trading Standards
- Sector-specific Organisations

GOV.UK website



What Might Service Sector Businesses have to Do Now

- **Confirm “settled status” of own and UK suppliers’ EU nationals**
- **Review “European Union” references in all contracts and agreements**
- **Establish if additional EU approvals or certification are required**
- **Start to use UKCA marking and not CE marking for goods sold in the UK**
- **Accounting for VAT on services**



Where Are All the Answers?

EU Settlement Scheme

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/862419/EU Settlement Scheme introduction for employers.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/862419/EU_Settlement_Scheme_introduction_for_employers.pdf)

UK Global Tariff

<https://www.gov.uk/check-tariffs-1-january-2021>

Commodity Codes

<https://www.look-up-product-commodity-code.service.gov.uk/search/>

EORI numbers

<https://www.gov.uk/eori>

Duty Deferment Accounts

<https://www.gov.uk/guidance/setting-up-an-account-to-defer-duty-payments-when-you-import-goods>

Northern Ireland

<https://www.gov.uk/guidance/trader-support-service>

Customs Declarations Training

<https://www.gov.uk/guidance/list-of-customs-training-providers>

Grants for Customs Declarations Training

<https://www.gov.uk/guidance/grants-for-businesses-that-complete-customs-declarations>

Accounting for Import VAT

<https://www.gov.uk/guidance/check-when-you-can-account-for-import-vat-on-your-vat-return>

The Information Commissioner

<https://ico.org.uk/>

Export Licences

<https://www.gov.uk/government/collections/open-general-export-licences-ogels>

ISPM15 Compliance

<https://www.gov.uk/wood-packaging-import-export>

UKCA Marking

<https://www.gov.uk/guidance/using-the-ukca-mark-from-1-january-2021>

Customs Warehouses

<https://www.gov.uk/guidance/apply-to-operate-a-customs-warehouse>

HMRC Webchat

https://www.tax.service.gov.uk/ask-hmrc/webchat/customs-international-trade?_ga=2.9670321.560772726.1607780638-1551068152.1579954115&_gac=1.135927235.1607016209.CJ6Fz_Spsu0CFclmGwodYvEHhQ

Post-Brexit Summary

Teething problems have been faced especially by those exporting goods will continue for a while yet

But businesses are getting used to changes

EU remains a vitally important market

New opportunities outside the EU

New Government (DIT) support for exporters

We should look forward with optimism