

Brexit - Trade and Customs Implications

What are the implications of the United Kingdom leaving the European Union? With our 'Brexit Scan' and its use of data analytics you can easily identify risks and opportunities and thus start to prepare for Brexit.

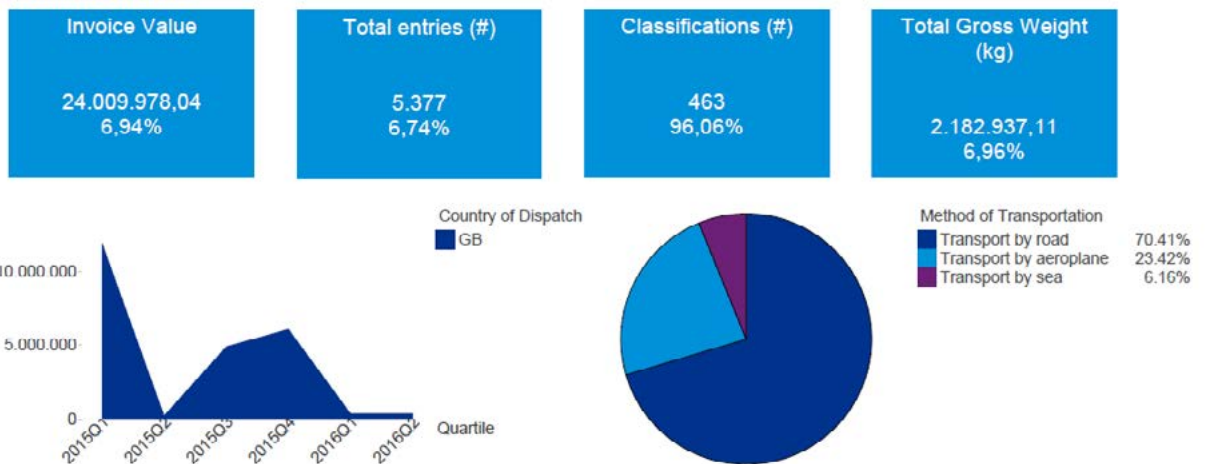
Brexit and its customs implications

The European Union (EU) is a customs union which allows for the free movement of goods between Member States. Upon its formal exit from the EU, the United Kingdom (UK) will no longer be part of the EU's Customs Union. It cannot be ruled out that imports to the EU and to the UK will be subject to customs duties after Brexit. This means your products may become more expensive.

Once borders are again in place between the UK and the EU, this will irrevocably lead to additional lead times as all goods will have to be declared for export from and for import into the EU and the UK respectively. In many cases this will result in changes to the supply chain and IT, increase complexity and incur additional compliance charges.

The Brexit scan analyses customs and statistical data to establish the impact of Brexit:

TIS Trade Statistics



HS Local	Invoice Value	Duty Rate	Potential Duty
61091000	1.415.700,43	0.12	169.005,01
61099020	1.201.862,39	0.10	120.186,24
61103099	908.645,08	0.07	63.605,16
62064000	881.652,03	0.07	61.715,64
62046231	806.786,64	0.07	56.475,06
Top 5 total	5.214.654,57		471.867,11

WTO approach	Zero-duty Model
Potential Duty	Potential Duty
1.536.636,36	0
Potential Compliance costs	Potential Compliance costs
189.525,00	189.525,00
Total	Total
1.726.161,36	189.525,00

Example TIS output

Main financial impact of Brexit for customs purposes

- Customs compliance costs will be incurred as a result of customs formalities.
- Customs duties may be imposed on reciprocal goods flows.
- The UK will no longer be able to take advantage of the EU's Free Trade Agreements (FTAs) with third countries such as Mexico, South Africa, Chile, Switzerland and South Korea.

- The UK will have to negotiate its own FTAs.
- Rules of origin may result in customs duties being imposed on production in the EU and in the UK.
- Principal companies located in the UK may be confronted with a higher customs value, as after Brexit intercompany transactions will no longer be regarded as domestic sales.
- To avoid double customs duties, it may be necessary to apply for customs authorizations (e.g. bonded warehouse and inward processing).

Customs Brexit Scan with Data Analytics – What is it?

The Brexit Scan is a tool specifically designed within KPMG's Tax Intelligence Solution (TIS) that analyzes customs and statistical data to identify risks and opportunities. Various analytical checks are carried out to turn your data into value. The scan analyzes the impact of Brexit (additional customs duties and compliance costs).

The results of the Brexit scan in combination with your business structure will enable you to reduce risks and identify opportunities at an early stage. You can perform a Brexit scan on all your trade from the UK to the EU and vice versa.

Contact

If you would like more information on the assistance we can provide, please approach your designated contact at Meijburg & Co or one of our tax return specialists:

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The graphic features the KPMG logo at the top left. The text 'Brexit update' is prominently displayed in a large, white, sans-serif font. Below the text is a stylized map of Europe with the United Kingdom highlighted in red and the European Union flag (a circle of yellow stars) overlaid on the map. At the bottom left of the graphic, the date '27 oktober 2016' and the website 'kpmg.nl' are visible.

Our regular *Brexit Update* will keep you up-to-date on Brexit developments that are relevant for the private sector.

The latest *Brexit Update* can be downloaded from our website:
www.meijburg.com/publications/brexit-update-eng

meijburg.com

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