

News

# Brexit update

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Great Britain (“GB”) officially left the European Union (“EU”) on 31 January 2020, and we are now in an 11-month transition period until 31 December 2020, where the current EU rules will continue to remain in force. This means that GB will remain in the EU’s customs union and the single market and obey to EU rules. All companies will therefore first feel the effects of Brexit on 01 January 2021.

The question now is whether GB and EU will negotiate a trade deal and either start a new relationship with EU or exit without a trade deal (a no-deal scenario). If an agreement does not come into place all companies needs to follow the general rules for countries outside of EU (third countries) when trading with GB. This means that all export/import will basically be governed by the rules of the *World Trade Organization* (“WTO”).

All companies should prepare themselves for a no-deal scenario because it will involve changes in the company’s customs export and import declarations, tax, duty-, and VAT conditions. This means that you already today can make yourself aware of the tax question, and how the change in taxation will affect your business. It is noted, that even though the WTO tax guide only suggest 0% taxation, all exporter should still fill in the necessary paperwork, and each exporter should make themselves aware of what kind of license(s) they are obliged to obtain. If your company is already exporting to countries outside the EU, your company would already be export-registered with the authorities, and in case of a no-deal Brexit, export would proceed as usual to such countries.

**It is recommended that companies make themselves aware of noteworthy concerns like below but not limited to:**

- Beware the currency as the British Pound might drop in case of no-deal Brexit
- British certificates and licenses will no longer be valid in the EU
- Consider review of your current contracts. If they are subject to English law, you might experience uncertainty, as GB would no longer be subject to EU legislation.
- Make sure your contracts allow sudden price to increase due to customs/tax and other trade barriers.
- GDPR – GB will be considered as a “third country” to the EU, and you should make special agreements with companies in GB before transfer of data. EU suggest their standard contract on the subject – the standard Contractual Clauses (SCC) – which bind the GB company to the same standards on data security as an EU company.
- Review of your supply chain – the British custom will be under a lot of pressure and delay (maybe significant) should be expected.

**Below you find a list of useful links:**

- <https://eur-lex.europa.eu/legal-content/DA/TXT/?qid=1594383487124&uri=COM:2020:324:FIN>
- [https://ec.europa.eu/info/brexit/brexit-preparedness\\_en](https://ec.europa.eu/info/brexit/brexit-preparedness_en)
- <https://www.bbc.com/news/uk-politics-46393399>
- <https://www.gov.uk/transition>
- Link to each country statement and preparation: [https://ec.europa.eu/info/brexit/brexit-preparedness/national-brexit-information-member-states\\_en](https://ec.europa.eu/info/brexit/brexit-preparedness/national-brexit-information-member-states_en)

The official Danish Customs Agency (in Danish: Toldstyrelsen) have established a hotline, where Danish companies can call for guidance, and they have hired additional 42 customs experts to accommodate the expected demand for guidance. Brexit-hotline: [+45 7222 1212](tel:+4572221212).

All information is given to the best of our knowledge.

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