



TAX  
ADVISORY

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## **BREXIT WITH A DEAL – IT'S TODAY**

Long lasting negotiations between Great Britain and European Union concerning Brexit agreement were ended by the historic voting in European Parliament on Wednesday, 29<sup>th</sup> January 2020. MEPs approved UK-EU treaty, which means that 31<sup>st</sup> January this year is the last day of Great Britain remaining in the EU, and from 1<sup>st</sup> February this year the Withdrawal Agreement and the transition period in relations between EU and United Kingdom will take effect.

Between the 1<sup>st</sup> February and 31<sup>st</sup> December there will be no trade changes between the EU and UK. The transition period consisting of eleven months should be used for the negotiations of the Free Trade Agreement (FTA) between Great Britain and European Union.

Until the 1<sup>st</sup> January 2021 the both sides will have time for:

- Adoption of negotiating directives;
- Conduct of negotiations;
- Signature/conclusion and entry into force of future agreement.

European Commission intends to maintain partnership with the Great Britain as close as possible in the future. Nevertheless, cooperation at the current level will not be possible because of the differences between FTA and the Single Market. The initial preparatory discussions materials on future relationship between the EU and the UK released currently by the European Commission indicate i.e. the following areas to be covered by the FTA:

- Free trade area: tariff free and quota free across all sectors;
- Access to waters and quota share for fisheries within the context of the economic partnership;
- Prohibition of ban or undue restriction on trade;
- Prohibition of customs duties and taxes on exports;
- Appropriate preferential rules of origin based on standard European union FTA practice general rules;
- Anti-fraud measures possibility to correct customs errors and to adopt appropriate measures for recovery and in case of lack of administrative cooperation;
- Trade defense instruments.

The negotiations will cover areas of trade such as:

- Trade in services and investment;
- Cooperation and equivalence in financial services;
- Digital trade;
- Intellectual property;
- Public procurement;
- Capital movements and payments.

The way of trading between EU and UK will change from 1<sup>st</sup> January 2021. Traders from both sides of The English Channel should prepare themselves for making customs declarations. Changes will mean also need for getting EORI GB number by the entities, which will export or import from Great Britain. FTA negotiation and their ratification is a complicated process with significant political meaning. Having in mind how short is the negotiation period (only 11 months), the possibility that FTA will not be approved by the time of 1<sup>st</sup> January 2021 cannot be excluded. In case of “cliff edge” since 1<sup>st</sup> January 2021 the UK will have a status of a “third country” without preferential treatment by the EU.

One of the FTA negotiations goals is to take into account Member States’ views and ensure that all stakeholders are able to anticipate legislative changes and their views are taken into account in the regulatory process. Therefore we should expect the platform for public consultations to be launched shortly, giving Member States and the EU citizens means to express their opinion on the planned agreement.

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If you are interested in obtaining further information, or would like to discuss the impact of the above on your business activity please contact:

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