

Technical notices detailing preparations for a ‘no deal’ Brexit.

The UK Government has published a series of technical notices detailing its preparations for a ‘no deal’ Brexit and providing businesses and citizens with guidance on what they should do in the event of the UK and EU failing to reach a Brexit deal.

The UK will leave the European Union on 29 March 2019. If the UK Government and European Union are unable to reach a negotiated deal, there will be significant implications for RIBA members and practices.

RIBA is advising practices who do business in the European Union, who have parent or subsidiary companies in the European Union or who have staff from the European Union to consider how their business may be affected in the event of a no deal Brexit and take action if necessary. This guidance sets out what you may need to consider.

What is a ‘no deal’ Brexit?

In March 2017, the UK Government officially notified the European Council of its intention to leave the European Union. This marked the beginning of a two-year period of negotiation between the UK Government and the European Union on the terms of the UK’s withdrawal and future relationship, and means that at 11pm, 29 March 2019 the United Kingdom will no longer be a member of the European Union.

The UK Government has signaled its intention to enter a transition period that will run between 29 March 2019 and 31 December 2020. This transition period would mean that the UK would still have access to the European Union on similar terms as it does as a full member but will not have decision-making powers within the Union. However, this is contingent on the European Union and UK Government agreeing on the terms of the UK’s withdrawal and future relationship.

Without this agreement, the UK will be treated as a ‘third country’ from 29 March 2019, with trade determined by World Trade Organization rules and the UK immediately withdrawn from the rights and responsibilities of the Union – this is the situation commonly referred to as a ‘No Deal’ Brexit. This will affect everything from the rights of citizens not currently resident in their home countries, to the provision of goods and services across borders.

Trading with and doing business in the EU

If the UK leaves the EU on 29 March 2019 without a deal there would be immediate changes to the procedures that apply to businesses trading with and doing business in Europe. For example, the free circulation of goods between the UK and European Economic Area (EEA) would cease and UK businesses providing services, including architectural services, in the EEA would no longer be covered by the EU Services Directive.

As a result, any trade in goods between the UK and EEA would be subject to tariffs and non-preferential rules of origin, while countries in the EEA could treat UK businesses in the same way as they treat third country service providers, which could result in additional barriers if your practice works in the EU.

There would also be changes to the cross-border regimes and accounting rules for UK companies operating in the EU, because the UK will no longer be an EU member state. These companies will become third country businesses in relation to the EU.

The tangible impacts this would have on businesses will vary depending on the member state.

In particular:

- Businesses importing or exporting goods from or to the EU will be required to follow customs procedures, such as making an import declaration and complying with customs checks and duties, in the same way that they currently do when importing or exporting goods from or to a non-EU country.
- Businesses providing services in the EU may be faced with additional legal and administrative barriers, such as requirements based on nationality or re-submitting information to regulators.
- Businesses providing fly-in, fly-out services in the EU may require a visa and/or work permit and otherwise have to comply with the immigration controls in place in each member state where their services are being provided in person.
- UK businesses that own or run business operations in EU member states will likely face changes to the law under which they operate, depending on the sector and EU member state.
- UK citizens may face restrictions on their ability to own, manage or direct a company registered in the EU, depending on the sector and EU member state in which the company is operating. This could involve meeting additional requirements on the nationality or residency of individuals allowed to act as senior managers or directors and/or limits on the amount of equity that can be held by non-nationals.
- Certain exemptions in the Companies Act 2006 relating to the preparation of individual accounts will no longer be extended to companies with parents or subsidiaries incorporated in the EU.
- UK businesses with a branch operating in the EU will become third country businesses and will be required to comply with specific accounting and reporting requirements for such businesses in the member state in which they operate.

What should I do in the event of no deal?

RIBA is advising practices who do business or have operations in the EU to consider how these changes would affect their business model and take action if necessary. This may include:

- Taking account of the volume of your trade with the EEA and any potential supply chain impacts with UK and European partners, and if necessary putting steps in place to renegotiate commercial terms to reflect any changes in customs and excise procedures, and any new tariffs that may apply to UK-EU trade.

- Checking whether a visa and/or work permit may be required to travel to EU countries in which you provide services in person.
- Making yourself aware of the specific accounting and reporting requirements of any member state in which you operate.
- Familiarizing yourself with exemptions in the Companies Act 2006 relating to accounting and reporting requirements that will no longer be extended to UK companies with parents or subsidiaries incorporated in the EU.
- Seeking legal advice or contacting the government of any member state you operate in, to understand the implications of no deal on any operations you or your practice undertake in the EU.
- Familiarizing yourself with the key processes for [importing](#) and [exporting](#) outside of the EU and [registering to get EU Exit updates](#) from HMRC.
- Familiarizing yourself with the regime for third country service providers in any EEA state your practice does business in and considering what restrictions may apply to your business. Information on restrictions in particular service sectors in other countries including EU member states can be found via the [Organisation for Economic Co-operation and Development](#).
- Familiarizing yourself with any restrictions on the ability of non-EU nationals to own, manage or direct a company in any member states your business has operations in. Further information on the requirements in EU member states can be found via the [European e-Justice Portal](#).

Please refer to the following UK Government technical notices for further details:

- [Trading with the EU](#)
- [Providing services including those of a qualified professional](#)
- [Structuring your business](#)
- [Accounting and audit](#)

Travel and professional mobility

If the UK leaves the EU in March 2019 with no Brexit deal, British passport holders would be considered as third-country nationals and have to comply with different rules to enter and travel around the Schengen area.

Third country passports must have been issued within the last 10 years on the date of arrival in a Schengen country, and have at least 3 months' validity. Because third country nationals can remain in the Schengen area for 90 days, the actual check carried out could be that the passport has at least 6 months validity remaining on the date of arrival. People travelling with passports which do not meet these criteria may be prevented from entering the Schengen area.

For EU countries outside the Schengen area, visitors will need to check the entry requirements for the country before travelling. Travel to Ireland is subject to separate Common Travel Area arrangements which will not be affected.

The EU Professional Qualifications Directive (2005/36/EC, 'The MRPQ Directive') would cease to apply in the UK and there will be no reciprocal recognition of professional qualifications or experience between the remaining European Economic Area (EEA) states and the UK.

What should I do in the event of no deal?

RIBA is advising practices that intend to have staff travel to the Schengen area after 29 March 2019 to ensure relevant staff's passports comply with the [Schengen Border Code](#). Individuals may need to apply for a new passport which can be done [online](#).

Please consult the RIBA's separate [guidance for architects on MRPQ if there's no Brexit deal](#) to determine whether any staff will need to take action before 29 March 2019 to ensure they are able to practise in the UK.

Please refer to the following UK Government technical notices for further details:

- [Travelling to the EU with a UK passport](#)
- [Providing services including those of a qualified professional](#)

EU funding

If the UK leaves the EU with no deal, UK businesses and individuals will no longer have access to funding from EU programmes (such as Creative Europe, Horizon 2020, Erasmus+) and EU structural and investment funds.

The UK Government has said it will guarantee funding for all successful bids by UK participants up until the end of 2020, for the full duration of projects, including:

- Creative Europe
- Horizon 2020
- Erasmus+
- European Regional Development Fund
- European Social Fund

However, the government will need to reach agreement with the EU on the details of the UK's participation in these programmes as a third country.

After 2020, the UK would need to reach agreement with the EU on continuing collaboration in these programmes or develop UK-specific alternatives.

What should I do in the event of no deal?

RIBA is advising practices to familiarise themselves with the requirements of any European funding agreements for current projects, including of their clients. You may wish to seek legal advice on whether these funding agreements will continue to apply in the event there is no Brexit deal or whether funding may be withdrawn.

Practices should also consider where they might find alternative sources of funding if EU funding can no longer be relied upon after 29 March 2019.

Please refer to the following UK Government technical notices for further details:

- [The government's guarantee for EU-funded programmes if there's no Brexit deal](#)
- [European Regional Development Funding if there's no Brexit deal](#)
- [Horizon 2020 funding if there's no Brexit deal](#)
- [Erasmus+ in the UK if there's no Brexit deal](#)
- [European Social Fund \(ESF\) grants if there's no Brexit deal](#)

Public procurement

Under the UK's EU membership, all procurement opportunities that fall within the scope of the EU procurement directives are advertised on the Official Journal of the European Union (OJEU) via Tenders Electronic Daily (TED).

If the UK leaves the EU in March 2019 with no deal in place regarding future arrangements on access to OJEU/TED, the government intends to make a replacement UK-specific e-notification service available for UK public contracts. Practices wishing to access contract opportunities from the UK public sector will need to access the new UK e-notification service after 29 March 2019.

Businesses from the UK will have the same status with the EU procurement market as any other third country and will therefore be subject to the same rules as any third country tenderer. Therefore, practices who wish to access public contract opportunities from the EU may continue to do so via OJEU/TED.

What should I do in the event of no deal?

RIBA is advising practices who plan to bid for contracts in the EU, via OJEU/TED, after 29 March 2019 to familiarise themselves with the [EU's public procurement policy](#) for third countries to understand how their bids may be affected.

Practices who plan to bid for contracts in the UK after 29 March 2019 should keep informed of possible changes to UK public procurement processes, including further detail on the UK e-notification service the government intends to make available. You may wish to sign up for [Brexit email updates](#) from GOV.UK.

Please refer to the following UK Government technical notice for further details:

- [Accessing public sector contracts](#)

Money and tax

Under current VAT rules, VAT is charged on most goods and services sold within the UK and the EU. VAT is payable by businesses when they bring goods into the UK, with different rules depending on whether the goods are from an EU and non-EU country. Goods that are exported by UK businesses to non-EU countries and EU businesses are zero-rated, meaning that UK VAT is not charged at the point of sale. For services, 'place of supply' rules determine the country in which you need to charge and account for VAT.

If the UK leaves the EU on 29 March 2019 without a deal, the government intends to keep VAT procedures as close as possible to what they are now. However, there would be some specific changes to the VAT rules and procedures that apply to transactions between the UK and EU member states.

In particular:

- In a no deal scenario the current rules for imports from non-EU countries will also apply to businesses importing goods from the EU.
- UK VAT-registered businesses importing goods to the UK will be able to account for import VAT on their VAT return, rather than paying import VAT at the time the goods arrive at the UK border. This will apply both to imports from the EU and non-EU countries.
- If the UK leaves the EU without an agreement, the main VAT ‘place of supply’ rules will remain the same for UK businesses. VAT on services will be due in the EU member state within which your customer is a resident.

What should I do in the event of no deal?

RIBA is advising practices that import or export goods to the EU, or provide services in the EU, to consider how changes to the VAT rules may affect them. You may wish to seek independent tax advice on the particular implications for your practice.

Please refer to the following UK Government technical notice for further details:

- [VAT for businesses](#)

Data protection

If the UK leaves the EU in March 2019 with no agreement in place regarding future arrangements for data protection, there would be no immediate change in the UK’s own data protection standards. The Data Protection Act 2018 would remain in place and GDPR would be incorporated directly into UK law.

While the UK Government intends to allow the free flow of personal data from the UK to the EU, the legal framework governing transfers of personal data from organisations (or subsidiaries) established in the EU to organisations established in the UK would change and practices would need to take action to continue receiving personal data from the EU.

What should I do in the event of no deal?

RIBA is advising practices that wish to receive personal data from the EU after 29 March 2019, including from parent or subsidiary companies, to proactively consider what action you may need to take to ensure the continued free flow of data with EU partners.

You may wish to seek legal advice on how an alternative legal basis, such as contractual clauses, might be established for you to continue receiving personal data from the EU.

Please refer to the following UK Government technical notice for further details:

- [Data protection](#)

Copyright and trademarks

If the UK leaves the EU in March 2019 with no agreement in place, there will be some changes to existing EU regulations which the UK is currently subject to, including on accounting, copyright and property rights in registered EU trademarks and registered Community designs.

While the UK Government intends to replicate most provisions through the EU Withdrawal Act 2018 and ensure there are no immediate changes to the UK's own standards, the legal framework will change in some areas if no deal can be agreed with the EU to continue reciprocal measures that are currently enjoyed by the UK as an EU member state.

In particular:

- Various reciprocal copyright mechanisms between the UK and EU would cease to apply and the UK will be treated as a third country for the purposes of cross-border copyright mechanisms.
- Right holders with an existing EU trademark or registered Community design will have a new UK equivalent right granted that will come into force at the point of the UK's exit from the EU.
- UK applicants, like EU and third country applicants, will continue to be able to apply for protection in the EU through an EU trademark or registered Community design as they do currently.

What should I do in the event of no deal?

RIBA is advising practices who benefit from copyright protection in the EU, or who have registered EU trademarks and registered Community designs, to review their intellectual property protections and consider how their business model or intellectual property rights may be affected.

In particular, you may wish to legal advice on whether your copyright protection will be affected by the UK being treated as a third country under the EU's cross-border copyright mechanisms and whether your intellectual property rights will be affected.

Please refer to the following UK Government technical notices for further details:

- [Copyright](#)
- [Trademarks and designs](#)

Existing EU free trade agreements

If the UK leaves the EU in March 2019 with no agreement in place, it will no longer be part of around 40 free trade agreements that the EU has struck with over 70 countries. In

a no-deal scenario the UK would also not have an implementation period during which it has planned to roll-over these agreements.

The UK Government plans to negotiate bilateral trade agreements with third countries as soon as possible after 29 March 2019 if there is no deal, with the intent of replicating existing EU trade agreements as far as possible. If these agreements are not in place by 29 March 2019 then trade with these countries would take place under the [World Trade Organisation's Most Favoured Nation \(MFN\)](#) principle until any agreement can be reached.

Under the MFN principle:

- The same rate of duty on goods would need to be applied across all WTO members equally, with certain exceptions for where a free trade agreement is in place.
- For services, the UK would be required to grant treatment no less favourable to services and service suppliers of any WTO member.

The UK Government will publish information on new free trade agreements before they are ratified. They will also publish a UK MFN tariff schedule for those agreements not reached before 29 March 2019.

What should I do in the event of no deal?

RIBA is advising practices who do business or have operations in third countries that have a trade deal with the EU to consider how these changes would affect their business model. You may wish to seek professional advice on how your business may be affected.

A full list of EU free trade agreements is available on the [European Commission website](#). You can find more information on current [tariff rates on GOV.UK](#) and more information on World Trade Organisation members on the [WTO website](#).

Please refer to the following UK Government technical notice for further details:

- [Existing free trade agreements](#)