



Brexit and Small Businesses

As March 29th 2019 moves ever closer small businesses continue to wonder what the practical, real-life implications of Brexit will be for them. As a Professional Advisor and Accountant I am advising my clients to prepare... but what are they preparing for?

At the time of writing no deal has yet been agreed and the government have started issuing technical notices on preparing for a no-deal Brexit. Maybe an agreement will have been reached by the time you read this but regardless of the eventual outcome you need to be planning for Brexit - whatever its final shape - now.

For example, an area where your business may be affected is **Importing and Exporting**. Import and export costs for all businesses are likely to rise after Brexit, possibly with new administrative measures in place. This would impact smaller businesses that might feel the increased administrative costs more, especially if these businesses have never traded outside the EU.

However, one area where I anticipate little change in terms of required knowledge and administrative burden is in **Workplace Regulation**, unless you operate across two or more EU countries in which case you may have to establish a European Works Council. There will logically also be a form or test to ensure that workers from EU countries have the right to work in the UK.

One question which has cropped up during discussions is: **Should we stockpile raw materials / products** to see the business over the first few months of the Brexit transition? Issues to consider are:

- Are there bulk purchase discounts available?
- How accurate is your forecasting? You don't want to be left with products you can't sell
- What is the cost of holding stock?
- ... and do you have the physical space to do so?



- What effect does this have on your cash flow?
- Do you really think that there could be a gap in supply? (Crystal Ball time!)

Being Prepared for Brexit

A successful Brexit process for any business will be one in which the business: -

- Ensures solid cash flow and productivity are impacted as little as possible
- Understands the basics of VAT and the import / export position
- Reads the technical notes or takes advice on them
- Has knowledge of the EU. The official website of the EU is **Europa.eu** and its "Life and Business in the EU" pages contain a lot of information
- Researches how specific countries handle customs declarations, duties and VAT payments for non-EU countries. Some countries e.g. Ireland have already started sharing information
- Makes initial enquiries with a customs broker, freight forwarder or logistics provider
- Ensures that Staff are employed and have the right to work in the UK
- Considers hedging against currency fluctuations

Of course, researching and understanding all these implications for your business requires time - and time is the rarest and most valuable commodity for small businesses...

... but we can help you. It is our job to understand all the technical issues. So, come and see us and tell us about your business and we can work together to understand how Brexit will affect you.

Paul

