

Brexit readiness check

Get yourself ready.
1 December 2020



Brexit checklist

Are you ready for the Brexit?

Figure it out with the following checklist in the areas

- Corporate tax
- Customs and international trade
- Social security and pensions
- Mobility and immigration
- Financial services and regulatory

✓ If you will tick all the boxes: Congratulation! You seem to be well prepared.

❑ If you left boxes unticked: Act now, as time is running out!

? If you need help, contact one of our Brexit experts.

Corporate tax

Legal Structure and double tax treaties

- ❑ Do you rely on the Swiss-UK double tax treaty (Form 823B) rather than the Swiss-EU bilateral agreements (Form 823C) for WHT relief on potential dividend distributions by Swiss companies to direct or indirect UK parent company?
- ❑ Have you assessed the impact on EU subsidiaries held by a UK parent company or EU companies with interest and / or royalty payments to / from the UK which will not benefit from the EU parents / subsidiaries directive anymore and for which it may be beneficial to be held via Switzerland?
- ❑ Have you determined the impact on a Swiss finance company with US loans held by a UK parent company which may not qualify for the US treaty anymore if UK is not in the EU anymore?
- ❑ Have you assessed the impact of a Gibraltar company in the group structure, which may no longer benefit under Swiss-EU agreements after Brexit and at the same time cannot benefit from the Swiss-UK double tax treaty?
- ❑ Did you review all other cases where Swiss or UK companies rely on Swiss-EU bilateral agreements not applicable anymore for Swiss-UK relationships after Brexit and where on the Swiss-UK double tax treaty could be relied on instead?
- ❑ If you plan to reorganise your group structure as a result of Brexit have you considered that the EU merger directive will not be applicable anymore for the UK and that potential cross-border reorganisations between the UK and an EU member state might not be tax neutral anymore?

Christoph Pauli: +41 58 792 44 24, christoph.pauli@pwc.ch

Christian Müller: +41 58 792 68 55, mueller.christian@pwc.ch

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Customs and international trade

New customs border

- Have you mapped your direct and indirect supply chain to/from the UK and understand the impact of a new customs border on customs duties, import VAT and VAT in general (incl. no longer available simplification rules)?
- Have you considered different emergency scenarios (stock movement / stock holding, delay in delivery etc.)?
- Have you made the necessary registrations (e.g. VAT, EORI, TSS) in both the EU and the UK?
- Have you clearly identified the new roles and responsibilities and mapped these to group entities or third parties? Have you appointed a Broker to manage UK and EU import / export?
- Are you aware of the timelines you have to meet with customs and safety & security declarations, duty and VAT payment, labelling adjustments?
- Have you assessed the need to adapt your ERP systems settings / processes, VAT master data, VAT determination and VAT reporting to record UK business accurately?
- Have you identified contract terms which could lead to contract frustration i.e. contract longevity, price point, lead times, certificates of origin etc.?
- Have you assessed the need to update contractual terms with key customers and suppliers – in particular freight and logistics – clarifying distribution of risks and Brexit related costs?

Simeon Probst: +41 58 792 53 51, simeon.probst@pwc.ch
Sandra Wirz: +41 58 792 25 32, sandra.wirz@pwc.ch
Krisztina Nagy: +41 58 792 28 70, krisztina.n.nagy@pwc.ch

Social security and pensions

Stop of application of the Agreement on the Free Movement of Persons (AFMP) as well as stop of application of the UK-EU/Swiss social security coordination (Regulation (EC) no. 883/2004); Agreement between Switzerland and the United Kingdom on the Rights of Citizens will enter into force on January 1, 2021; still in negotiations is a replacement agreement between the UK and the EU/Switzerland regarding future coordination.

Impact on individuals:

- Have you checked and discussed the social security and pension coverage of your Swiss employees currently working or living in the UK and how they may potentially be affected by the changes?
- Have you checked and discussed the social security and pension coverage of your UK national employees working or living in Switzerland and how they may potentially be affected by the changes?
- Have you carried out an impact analysis on the company compliance obligations and cost implications in case of changes in the applicable social security and pension coverage of your employees?
- Have you clarified the rights that are being protected / not protected and did you communicate this to your employees?
- Have you assessed the actions that your company should undertake now with respect to Swiss / EU nationals living in the UK (or vice versa) and to your UK national workforce, e.g. filing for A1s?

Natalia Graf: +41 58 792 43 24, natalia.graf@pwc.ch
Markus Schneeberger: +41 58 792 56 45, markus.schneeberger@pwc.ch

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Mobility and immigration

Replacement of Agreement on the Free Movement of Persons (AFMP) and impact on individuals

- Have you assessed the situation for your employees who are UK nationals currently working/living in Switzerland or the EU?
- Have you assessed the situation for your employees who are Swiss or EU nationals currently working/living in the UK?
- Have you carried out an impact analysis on the effect of the withdrawal of the applicable AFMP and replacement with the new Bilateral Agreement between Switzerland and the UK?
- Have you clarified the rights that are being protected / not protected?
- Have you assessed the actions that Swiss / EU nationals living in the UK (or vice versa) should undertake now?

Marcel Meier: +41 58 792 68 61, marcel.meier@pwc.ch

Samantha Thomann: +41 58 792 21 63, samantha.thomann@pwc.ch

Financial services / regulatory

- Have you transferred all impacted Brexit customer contracts to an appropriately regulated entity, either in the UK or the EU-27?
- Have you secured all of the necessary regulatory approvals to continue to provide services to your customers across Europe and the UK?
- Where you plan to continue to access the UK market and UK clients, have you registered with the UK FCA to avail of their Temporary Permissions Regime?

Günther Dobrauz: +41 58 792 14 97, guenther.dobrauz@pwc.ch

Your Brexit experts from PwC Switzerland



Günther Dobrauz
Partner, Leader Legal
FS Regulatory and Compliance Services

Direct: +41 58 792 14 97
Mobile: +41 79 894 58 73
Email: guenther.dobrauz@pwc.ch



Markus Schneeberger
Director, Tax and Legal Services
People and Organisation

Direct: +41 58 792 56 45
Mobile: +41 79 597 71 06
Email: markus.schneeberger@pwc.ch



Samantha Thomann
Manager, Tax and Legal Services
People and Organisation

Direct: +41 58 792 21 63
Email: samantha.thomann@pwc.ch



Marcel Meier
Partner, Tax and Legal Services
People and Organisation

Direct: +41 58 792 68 61
Mobile: +41 79 376 52 60
Email: marcel.meier@pwc.ch



Sandra Wirz
Director, Tax and Legal Services
Indirect Taxes and Tax Technology

Direct: +41 58 792 25 32
Mobile: +41 79 535 50 28
Email: sandra.wirz@pwc.ch



Krisztina Nagy
Manager, Tax and Legal Services
Customs and International Trade

Direct: +41 58 792 28 70
Mobile: +41 79 790 64 73
Email: krisztina.n.nagy@pwc.ch



Simeon Probst
Partner, Tax and Legal Services
Customs and International Trade

Direct: +41 58 792 53 51
Mobile: +41 79 743 40 14
Email: simeon.probst@pwc.ch



Natalia Graf
Senior Manager, Tax and Legal Services
People and Organisation

Direct: +41 58 792 43 24
Mobile: +41 79 878 01 41
Email: natalia.graf@pwc.ch



Christoph Pauli
Director, Tax and Legal Services
Corporate Taxes

Direct: +41 58 792 44 24
Mobile: +41 78 820 50 06
Email: christoph.pauli@pwc.ch



Christian Müller
Senior Manager, Tax and Legal Services
Corporate Taxes

Direct: +41 58 792 65 55
Mobile: +41 78 632 33 80
Email: mueller.christian@pwc.ch

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