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The Brexit Update

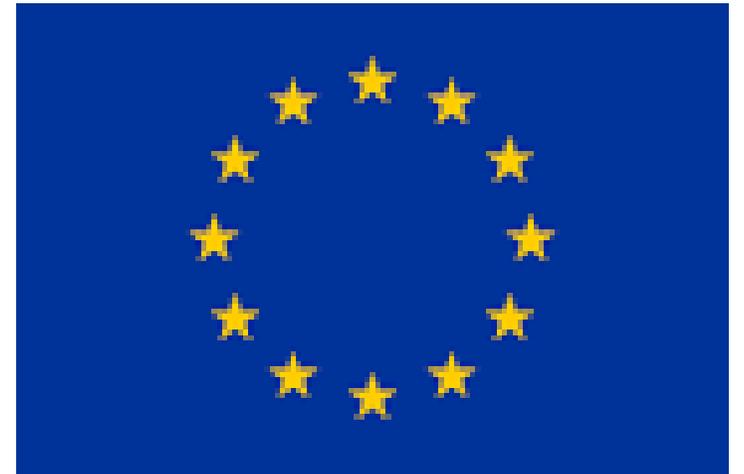
Steve Harford MSc FCIPP

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Brexit Update - Agenda

- Where are we up to?
- Soft or hard Brexit?
- The effects on EU laws in force in the UK
- Protecting rights of UK and EU citizens abroad
- Deal or no deal?
- Brexit impacts on HMRC
- Miscellaneous items.



Where are we up to?

- The UK voted to leave the European Union (EU) on 23 June 2016
- The UK leaves the EU at 11pm Friday 29 March 2019
- Provisional agreements reached on the three “divorce” issues –
 - How much the UK owes the EU
 - What happens to the Northern Ireland Border
 - What happens to UK citizens living elsewhere in the EU and EU citizens living in the UK
- Talks have now moved on to future relations - after agreement was reached on a 21-month "transition" period to smooth the way to post-Brexit relations
- The transition period will –
 - Run from 30 March 2019 to 31 December 2020
 - Allow free movement (as the EU wanted)
 - Allow the UK to be able to strike its own trade deals - although they won't be able to come into force until 1 January 2021.

Soft or hard Brexit?

- What do the terms “soft” and “hard” Brexit mean?
- They are used to refer to the closeness of the UK's relationship with the EU post-Brexit
- At one extreme, "hard" Brexit could involve the UK refusing to compromise on issues like the free movement of people even if it meant leaving the single market or giving up aspects of free trade arrangements
- A "soft" Brexit might follow a similar path to Norway, which is a member of the single market and has to accept the free movement of people as a result of that
- The EU single market, allows the free movement of goods, services, money and people within the EU
- Theresa May has ruled out the UK staying in the single market.

The effects on EU laws in force in the UK

- The Conservative government has introduced the European Union (Withdrawal) Bill to Parliament
- If passed, it will end the primacy of EU law in the UK
- This "Great Repeal Bill", as it was originally called, is supposed to incorporate all EU legislation into UK law in one lump
- Thereafter the government will decide over a period of time which parts to keep, change or remove
- The Bill also allows new legislation to be enacted, such as –
 - [The Data Protection Act which will replace GDPR](#)
- The government is facing claims from opposition parties that it is giving itself sweeping powers to change legislation **without** proper Parliamentary scrutiny.

The effects on EU laws in force in the UK

- A substantial component of UK employment law is grounded in EU law
- After exit, a number of high profile areas could be reviewed and changed, such as -
 - The Alabaster Ruling
 - The Working Time Directive (WTD)
 - Holiday Pay
 - Holiday Pay Calculations – currently supported by the WTD
 - Sickness Rules
 - TUPE agreements
 - Uncapped Worker Compensation
 - Discrimination and Equal Pay.

Protecting rights of UK and EU citizens abroad

All parties agreed on “reciprocal protection”

- Freedom of movement can be exercised by -
 - Any UK citizen in the EU, or
 - Any EU citizen in the UK
 - If they are legally resident before 29 March 2019
- Babies born after that date to people who have qualified under these rules will be included in the agreement.

Deal or no deal?

- Without an agreement on trade, the UK would operate with the EU under World Trade Organisation rules, meaning –
 - Customs checks and tariffs on goods
 - Longer border check for travellers
- There are also questions around –
 - What would happen to Britains position as global financial centre
 - The land border between the UK and the Republic of Ireland
- There is also concern that Brits living abroad in the EU could lose residency rights and access to free emergency health care
- The EU doesn't think the future relationship with the UK will be finalised by 29 March 2019
- Therefore, during the transition period the UK could change its mind about what it wants and then negotiate on that basis
- Perhaps the EU does not want the UK to leave...?

Deal or no deal?

- Following an amendment to the EU Withdrawal Bill -
 - MPs will get a vote on the final Brexit deal, meaning
 - Any Brexit deal can only become law if MPs have voted for it
- This means that MPs could block Brexit
 - But the EU side would need to agree too
- MPs could vote against the exit deal between the UK and EU
- This would mean the UK would be on track to leave without a deal, rather than halting the process
- Some anti-Brexit MPs believe that if that happens, they could then persuade enough of their colleagues to back a second referendum.

- Extra challenges on HMRC have caused them to stop or pause projects
- One project that has been stopped –
 - Digitising services for PAYE Settlement Agreements
- Some projects that have been paused –
 - Simple Assessment
 - Dynamic coding
- However, HMRC will continue its work on –
 - Disguised remuneration
 - Salary sacrifice arrangements
- And, HMRC is adamant that their MTD for VAT project will remain on track.

Miscellaneous items

- The UK wants to keep Visa-free travel to the UK for EU visitors
- If visitors from EU countries wanted to work, study or settle in the UK they would have to apply for permission under the proposals
- British passports will still be able to be used
- Application for new/replacement [passports](#) from October 2019
- The return of duty-free sales on European journeys?
- EHICs will remain valid for those living in an EU country on 29 March 2019
- New number plates for cars?—probably not—no DVLA discussions
- Could the UK rejoin the EU in the future?
- State pensions will be unaffected
- We will still be able to enter the Eurovision Song Contest!

Thank you for attending

Any Questions?



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