

Brexit: time running out for answers to firms' real-world questions, says BCC

The British Chambers of Commerce (BCC) has today published the two-dozen top real-world questions being asked on Brexit by businesses across the UK – and says the government has managed to make limited progress on just 2 of the 23 issues where clarity is urgently needed so that firms can plan their trade following the UK's departure from the EU.

In the aftermath of June's European Council summit – with little progress made in narrowing the gap between the two sides – and ahead of Cabinet deliberations later this week on the UK's negotiating stance, the BCC warns that continued uncertainty on firms' day-to-day P&L questions is causing a significant slowdown in business investment.

The leading business organisation is calling on the UK government to draw a line under internal political debate and deliver urgent clarity on the practical, detailed issues that underpin trade – or face a continued deterioration in investment intentions and confidence as the clock ticks down to the October deadline to complete the UK's Withdrawal Agreement.

As negotiations progress, Chambers of Commerce will be assessing progress against these questions. To date, businesses have had some assurances on the status of EU nationals in the UK workforce and on the industrial standards regime – hence the 'amber' ratings for these two issues. All others remain red, including:

- On Tax, whether a business will need to pay VAT on goods at point of import, and will services firms need to be registered in every EU Member State where it has clients
- On Tariffs, what Rules of Origin firms will have to comply with to receive preferential tariff rates
- On Customs, whether goods will be subject to new procedures, and delayed at border checkpoints
- On Regulation, whether checks on goods conducted in the UK will be recognised by the EU
- On Mobility, whether businesses will be able to transfer staff between the EU and the UK using the same processes as currently
- On R&D projects, whether UK businesses will be able to participate in EU projects after 2020

BCC warns that time is of the essence – with many firms making contingency plans or considering investment alternatives. The full list of 23 priorities is available from the BCC's press office.

Adam Marshall, Director General of the British Chambers of Commerce (BCC),

said:

“Over the past two years, businesses have been patient. We have supported the government’s drive to seek the best possible deal for the UK economy. We have given time, expertise and real-world experience to support hard-pressed civil service negotiators. We have convened all across the UK to ensure that every business community’s Brexit concerns can be heard by elected representatives and officials.

“Now, with the time running out ahead of the UK’s exit from the EU, business patience is reaching breaking point.

“Businesses have every right to speak out when it is abundantly clear that the practical questions affecting the competitiveness of their firms and the livelihoods of millions of people remain unanswered. With less than nine months go to until Brexit day, we are little closer to the answers businesses need than we were the day after the referendum.

“It’s time for politicians to stop the squabbling and the Westminster point-scoring – and start putting the national economic interest first. These are not ‘siren voices’ or special interests. They are the practical, real-world concerns of businesses of every size and sector, in every part of the UK.”

Ends

Notes to editors:

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 53 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

The BCC has published a [Business Brexit Checklist](#) to help businesses prepare and plan for the future. The BCC also recently [published a report](#) with LSE on trade policy and stakeholder engagement mechanisms.

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BCC: new momentum needed from both sides for Brexit breakthrough

Commenting ahead of the European Council meeting, where Prime Minister Theresa May is due to address other EU leaders tonight (Thursday), Dr Adam Marshall, Director General of the British Chambers of Commerce (BCC), said:

“While businesses won’t get the clarity and certainty they had sought from this European Council meeting, a new sense of momentum and drive is needed from both sides so that a breakthrough can be reached in the coming weeks.

“Uncertainty is knocking business confidence and preventing many businesses from developing future plans. Far too many investments have quietly been delayed or side-lined, by both SMEs and major corporates alike.

“Businesses of all sizes expect the UK government to stop the public bickering and business-bashing, and demonstrate unity and purpose as it negotiates with the EU27. European leaders, in turn, should give their negotiators more leeway to make a pragmatic deal with the UK that’s in the interests of all parties.

“Businesses want an end to uncertainty and a deal that supports trade between the UK and the EU27 – and it’s time for the government to deliver.”

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BCC: Firms in the dark on customs declarations

Commenting on the publication of the NAO report on the Customs Declaration Service (CDS), Anastassia Beliakova, Head of Trade Policy at the British Chambers of Commerce (BCC), said:

“Delivering CDS in time for March 2019 was always going to be an ambitious project, and it is perhaps unsurprising, although concerning, that it has been necessary for delivery timeframes to be moved.

“While it is reassuring that contingency plans will be in place, it is also critical that the 145,000 businesses that are only trading with the EU receive guidance now on how to submit customs declarations. Until the government has decided which customs option it wishes to pursue in its future relationship with the EU, these businesses are left in the dark as to the future costs and administration they have to factor in.

“Many companies and intermediaries will have to hire staff to process a potential 200 million new customs declarations with the EU, and it is troubling that so late in the negotiations it is still unclear whether or not they will have to do so.”

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The BCC has launched a campaign aimed at eradicating not-spots for mobile voice coverage. Add your not-spot [here](#).

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BCC: Heathrow decision demonstrates UK still open for business

Commenting on the vote to approve expansion at Heathrow Airport, Adam Marshall, Director General of the British Chambers of Commerce (BCC), said:

“Finally! Business has been waiting years for decisive, cross-party action in the national interest – and decades for the expansion of our main gateway to the world.

“Now that Heathrow expansion finally has a green light from Parliament, it must now proceed at pace. The sooner we see diggers in the ground, the sooner this decision will boost business confidence, supply chain companies and trade links around the world.

“Amid growing uncertainty over Brexit, big decisions like this are needed to show our investors and trade partners that the UK remains open for business. Further bold moves on infrastructure, investment and connectivity must follow.

“As Heathrow expands, it must deliver on its promise of better connections to other airports around the UK – so that businesses everywhere can benefit from improved links to key destinations around the world. It is crucial that Heathrow expansion benefits not just London but all corners of the UK.”

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BCC: delay roll-out of Making Tax Digital

Ten months ahead of its planned introduction, an alarmingly high proportion of UK businesses have little or no awareness of HM Revenue and Customs' flagship Making Tax Digital project, according to new research released today (Tuesday) by the British Chambers of Commerce, in partnership with Avalara.

- 24% of firms have never heard of Making Tax Digital, which comes into effect next April for VAT
- Only 10% of firms know 'a lot of details' about the switch to the digitised tax system

Based on the responses of over 1,100 firms, with less than a year to go until the government plans to roll out Making Tax Digital (MTD), there is a widespread lack of awareness among business communities about the switch to a digitised tax system. A quarter (24%) of firms have never heard of it, and two-thirds (66%) know it only by name or some details about it.

All VAT registered businesses will have to maintain digital records for VAT and submit their returns digitally from April 2019 – just days after the UK leaves the EU. Of those that are aware of the change, a quarter (25%) have made no preparations at all. This is a concern as MTD will require VAT registered firms to have MTD compatible software in place that can create a VAT return and connect to HMRC systems via an Application Programming Interface (API). This is a much more complex process for businesses than the current online process of manual completion of VAT returns.

As the government prepares to roll out this flagship policy, businesses are reporting low levels of satisfaction and support from HMRC. Asked to rate the overall level of service, help and support received from HMRC on a scale of one to five, 60% of firms gave the tax authority a rating of 3 or less. Levels of direct engagement with HMRC remain low. Of those firms that are aware of MTD, just 6% of businesses have contacted HMRC for advice (including online services, webinars, or via their telephone services), compared to 51% who have spoken to an accountant.

The BCC is therefore calling for the introduction of Making Tax Digital to be delayed for all businesses until the start of the 2020/21 financial year. This would give HMRC the breathing space to engage effectively with businesses, ensure that the necessary software is in place, and raise levels of awareness about the impending changes. While steps have been taken to free-up capacity, businesses remain concerned that HMRC may still lack the resources to deliver MTD at the same time as supporting firms through the Brexit process (particularly given the level of uncertainty over the final customs arrangement), as well as day-to-day compliance issues. The delay to

this initiative would also provide HMRC with the extra headroom that maybe needed to support business on these vital issues.

Mike Spicer, Director of Economics and Research at the British Chambers of Commerce (BCC), said:

“The government’s aim to modernise the UK’s tax system is admirable, but in view of low business awareness and the impending challenges of Brexit, it would make sense for HMRC to delay the implementation of Making Tax Digital in order to get this change right.

“We are concerned that far too many firms still aren’t clear on what Making Tax Digital is, or what it means for their operations. With just months to go before the deadline, these knowledge gaps could make the timeline for change unworkable for many firms.

“Ministers must face up to the reality of the pressures facing HMRC and delay the introduction of Making Tax Digital for all businesses for the next financial year. This would allow the Revenue to focus its immediate attention on supporting businesses through the Brexit process, which must be a key priority.

“When Making Tax Digital is implemented, the acid test will be whether it ultimately creates a simpler and more efficient tax system, or yet more onerous administrative burdens that stifle the growth of UK firms.”

Richard Asquith, VP of Global Indirect Tax at Avalara, said:

“Making Tax Digital will affect 2.6 million businesses. It is the biggest overhaul in VAT obligations in decades. Approximately 25% of businesses are still using manual or spreadsheet record keeping, which falls foul of HRMC’s new requirements. It is still not clear how they can become compliant without more education plus investment in compliance accounting packages. To date, HMRC have remained confident that they can cope with MTD and Brexit; although 29 other efficiency projects have had to be cancelled or delayed in preparation of the UK leaving the EU in March 2019.

“HMRC will be clarifying their Making Tax Digital program at our free Tax Summit in London on the 3rd October. This will be a great chance for businesses to have some of their concerns addresses by HMRC directly.”

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The British Chambers of Commerce (BCC) surveyed 1,073 businesses from all regions of the UK online from 11 to 25 April 2018.

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Avalara helps businesses of all sizes achieve compliance with their international VAT and transactional tax obligations. Whether businesses are expanding into new markets, implementing new technology, or simply trying to be more efficient, Avalara's software solutions and managed VAT services can help reduce costs and improve filing accuracy.

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