



# Brexit Guide

*Doing business in Europe post Brexit and how EisnerAmper in Ireland can help*

## 1 INTRODUCTION

On 23 June 2016, the UK voted to leave the European Union leading to significant political instability and economic volatility:

- the British Prime Minister, David Cameron, announced his resignation on the morning of 24 June, and was quickly replaced as Prime Minister by Theresa May, while Jeremy Corbyn, the Labour Party leader, is under mounting pressure to resign his leadership of the party;
- international stockmarkets and currency exchange rates experienced significant volatility and the UK lost its AAA credit rating from ratings agency S&P while Fitch lowered its UK rating from AA+ to AA.

## 2 THE EUROPEAN UNION

- The European Union is an economic and political union of 28 countries which has grown steadily from a base of six founding members. Belgium, France, Germany, Italy, Luxembourg and the Netherlands signed up to the European Economic Community (“EEC”), or Common Market in 1958. The UK, Denmark and Ireland joined in the first wave of expansion in 1973, followed by Greece in 1981 and Portugal and Spain five years later.
- Countries within the European Union are independent but they agree to trade under the agreements made between the nations.
- The European Union operates a Single Market which allows free movement of goods, capital, services and people between member states.
- There are four key institutions which work together to run the European Union - the European Commission, the European Parliament, the European Council and the Court of Justice.

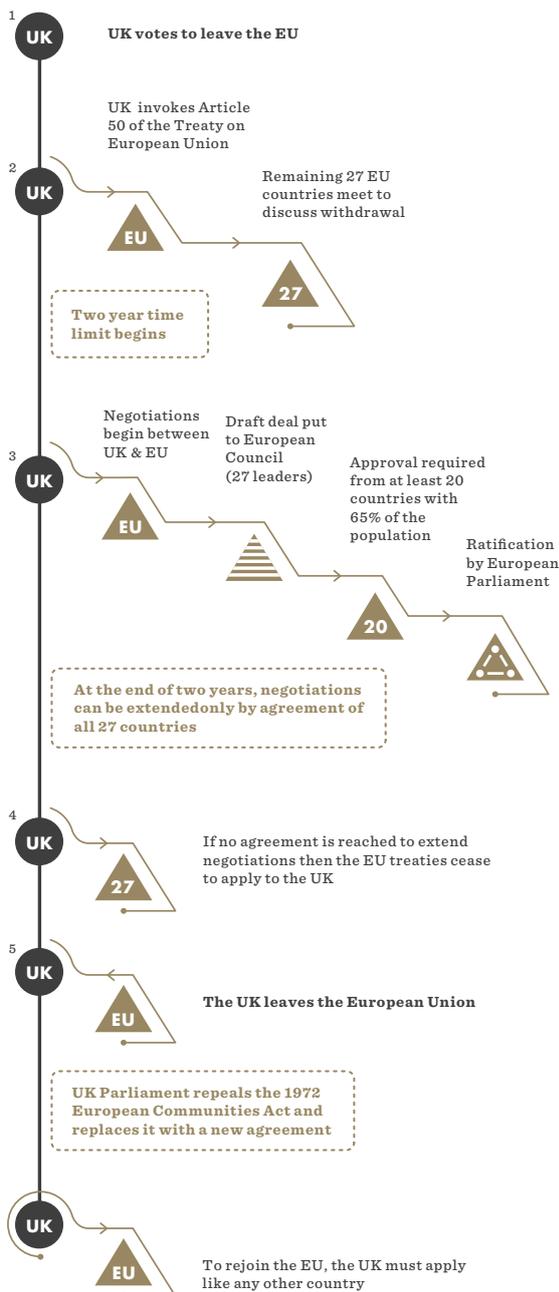
## 3 EXITING THE EUROPEAN UNION

- There are many political matters that will require decision-making and negotiation at a European Union and UK level over the coming years. How long it might take, what form it might take and what the end result might be is at this point unknown. However, as the withdrawal mechanism in Article 50 of the Lisbon Treaty (“Treaty on European Union”) will take at least 2 years from the date of formal notification to the European Council, despite the current political and economic uncertainty, business will continue, as usual, on a day-to-day basis.
- Extricating the UK from the European Union will be highly complex. Leaving the European Union is not an automatic process as it has to be negotiated with the remaining 27 members and approved by them by qualified majority. These negotiations are intended to be completed within two years although it may take much longer. The European Parliament retains a veto over any new agreement formalising the future relationship between the UK and the European Union.
- Post Brexit, it is likely that the UK will form a relationship with the European Union similar to one of the structured relationships already in place between the European Union and other countries (e.g. Switzerland, Norway, Iceland and Liechtenstein). The type of relationship agreed will result in differing levels of access to the European Union Single Market, tariff levels and agreed commitment to adherence to European Union rules and laws.



## EXITING THE EUROPEAN UNION

### Key Steps



## 4 KEY CONSIDERATIONS

Although politicians have much to consider, businesses currently based in the UK or those who were previously considering the UK as a route to European Union markets also have decisions to make at a strategic, tactical and operational level. At this point, key areas to consider include:

**Structure** – the rationale for, and structure of, a business's international operations. Considerations include cross border compliance issues and access to European Union markets in the most cost-effective manner possible;

**Tax** – implications arising from the point at which the UK ceases to be a member of the European Union. Considerations include corporation tax, repatriation of profits, holding company structures and VAT (e.g. cash flow implications of upfront VAT payable at point of importation of goods from the UK);

**Workforce mobility** – possible restrictions/controls on the movement of people. Considerations include a requirement for work permits and visas for European Union citizens working in the UK and vice versa and multiple visa requirements for visitors from non-European destinations travelling to the UK and the European Union;

**Regulation** – issues affecting the structure and movement of finance, the providers of financial services and the nature of those financial services. Considerations include legislative requirements, applications for authorisation and dealing with potentially multiple supervisory authorities (e.g. central banks and other regulatory authorities);

**Passporting** – passporting rights currently allow UK financial services companies to operate across Europe. Arising from Brexit, UK financial services providers will not be able to rely on a European Union passport to operate in European Union countries while suppliers of financial services to the UK may need to become licensed under a separate UK regulatory regime; and

**Funds** – the impact of the loss of passporting rights on asset management and investment funds domiciled in the UK will be dependant on where investors and target markets are located. The loss of passporting rights may require funds or fund managers to be migrated out of the UK, or subsidiaries to be established within the European Union.



## 5 IRELAND AND BREXIT

- It is important to note that Ireland remains a full member of the European Union and the only English-speaking member with the Euro as its currency.
- Irish Prime Minister, Enda Kenny noted *“It is important to note that Ireland will remain a proactive member of the European Union. After more than 40 years of membership, we have built up strong bonds of partnership with all the other member states, and with the European institutions, that will continue to serve us well. While Ireland’s future lies within the European Union, Ireland’s strong and close relationship with the UK will continue long into the future.”*
- While there will be uncertainty and volatility, we expect there to be opportunities for jurisdictions like Ireland to provide market routes for global firms into Europe that have traditionally gone through the UK. Ireland is well placed to support the UK by providing and maintaining a route for UK firms to the European Union marketplace with minimal interruption and low frictional cost.
- Banks, insurers and investment firms within the UK already have well-developed contingency plans that will now be implemented. The fact that the European Central Bank licenced the Irish supervisory framework for use in their Single Supervisory Mechanism is a strong selling point for the high regard in which the Irish regulatory system is held internationally. This is expected to result in an increase in applications for authorisation to the Central Bank of Ireland, as many such corporates have been examining this possibility for some time while also scouting for increasingly rare vacant office space over the last year.
- The only English-speaking jurisdiction in the euro-zone;
- A low corporate tax rate – corporation tax on trading profits is 12.5%;
- An extensive double tax treaty network;
- A common law jurisdiction, similar in nature to that of the US and the UK;
- Availability of fiscal incentives for R&D activity;
- Strong international broadband and transport connectivity; and
- Supportive legal and economic environment for internationally trading businesses.

## 6 BENEFITS OF DOING BUSINESS IN IRELAND

Ireland is an open and agile economy that has been responsive to the needs of international players for more than half a century and is home to many of the world’s largest multinationals, including:

- 9 of the top 10 global Software companies;
- 9 of the top 10 global Pharma companies;
- 15 of the top 25 global Financial Services companies; and
- 13 of the top 15 global Medical Technology companies.

These companies establish operations in Ireland to serve local, European and international markets, and in doing so leverage Ireland’s advantages as a gateway to these markets. These advantages include:

- A stable political environment and respected regulatory regime;
- Membership of the European Union;

## 7 HOW EISNERAMPER IN IRELAND CAN HELP

**We are niche.** As a firm of specialist accountants with a niche focus on three markets; Financial Services, International Business and Government, we advise global financial services providers, life sciences and technology businesses, and their advisors on all aspects of doing business in Europe through Ireland.

**We are experts.** We are experts in the provision of Audit, Tax, Advisory and Outsourcing services. Our approach is to provide established international companies and start-ups with the strategic insight, local knowledge, ideas and support necessary to facilitate their overseas expansion into Europe via Ireland. This is what we do every day.

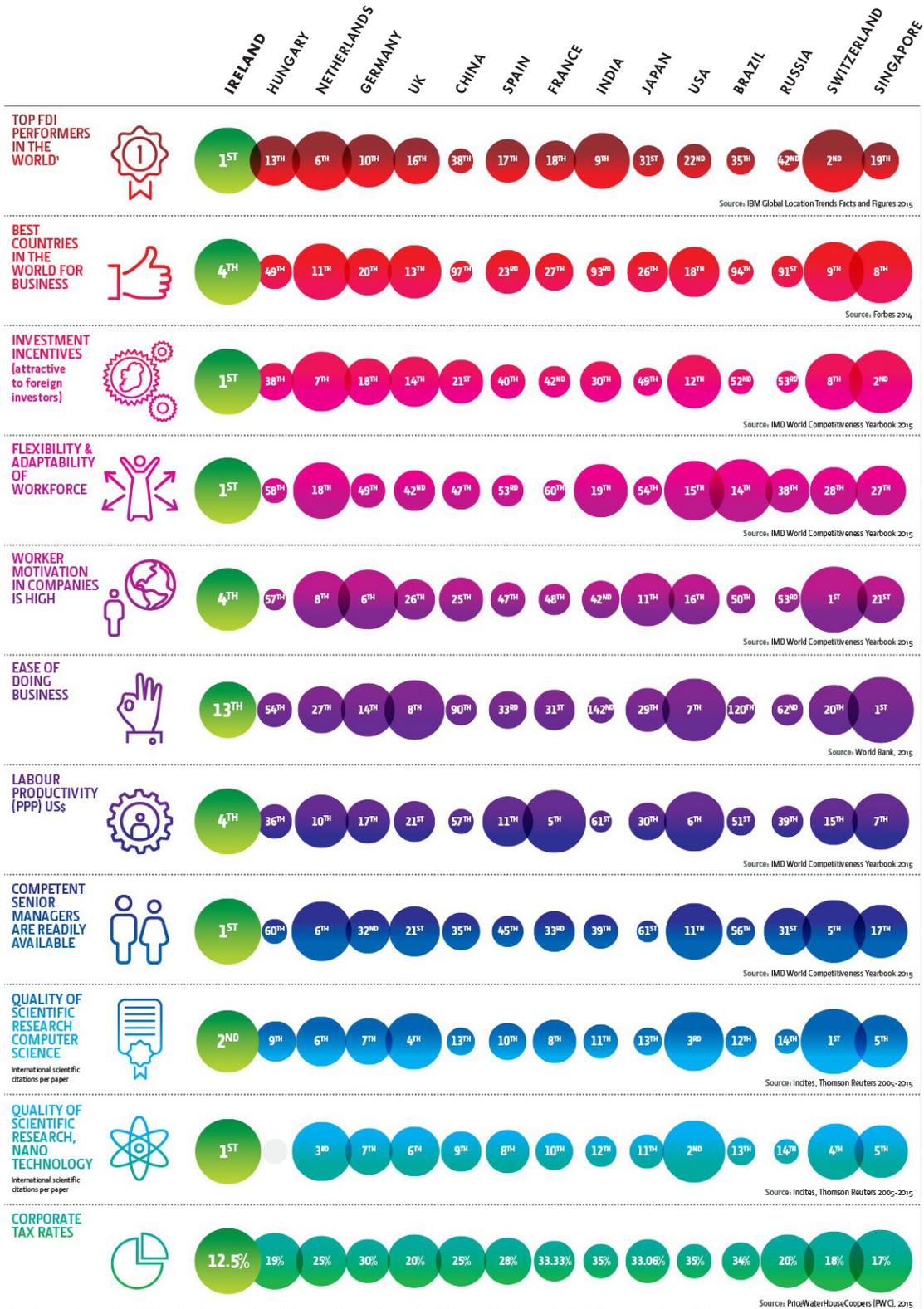
**We are integrated.** The decisions businesses now face require multiple service delivery solutions. We are fully integrated into the international trade ecosystem. As a founding member of [Ireland Gateway to Europe](#), we work closely with industry leaders, entrepreneurs, service providers, trade bodies, Irish and international law firms, and government bodies such as Enterprise Ireland and [IDA Ireland](#).

**We are connected.** In 2014, we joined with leading US accountancy firm, [EisnerAmper LLP](#), to form a new global network called EisnerAmper Global. Consequently, we bring global connectivity and perspective to how we work. Being part of [EisnerAmper Global](#) gives our clients access to leading minds and cutting edge services by leveraging the expertise of 180 partners and 1,500 professionals across Ireland, London, the US and Cayman.



# HOW IRELAND COMPARES

IDA Ireland



Source: IDA Ireland



# EISNERAMPER

IRELAND



**Frank Keane**

*Partner*

Head of International Business

DD: + 353 1 2933 450

frank.keane@eisneramper.ie



**Cormac Doyle**

*Partner*

Head of Tax

DD: + 353 1 2933 443

cormac.doyle@eisneramper.ie



**David Montgomery**

*Partner*

Head of Risk & Regulatory Advisory

DD: + 353 1 2933 459

david.montgomery@eisneramper.ie



**Jennifer Kelly**

*Director*

International Business

DD: + 353 1 2933 424

jennifer.kelly@eisneramper.ie



**Nicholas Tsafos**

*Partner, Audit*

Chair of EisnerAmper Global Ltd

DD: + 1 212 891 4128

nicholas.tsafos@eisneramper.com



**Gerard O'Beirne**

*Partner, Tax*

Head of International Liaison

DD: + 1 212 891 4056

gerard.obeirne@eisneramper.com

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