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Overview of potential Brexit tax consequences

VAT

- UK as third country for EU VAT
 Increased compliance for cross
- border trading.
- VAT recovery impact for services businesses with UK customers

Termination friendly EU Social Security directives

 Cross-border employed employees may become subject to more than one social security system.

TAX Competition

 UK will no longer be bound to EU treaty restrictions including harmful tax competition. But impact depends on form of future UK relationship with EU.

Customs Duties

• UK no longer within customs duties free 'internal market' and customs duties applicable to imports from UK into EU.

Reorganisations

- UK will no longer be a party to the EU Merger Directive
- Could make reorganisations involving UK entities more difficult and potentially trigger taxes.

Dividend withholding tax

- Dividends to UK companies are no longer governed by EUParent/ Subsidiary Directive and tax treaties need to be relied upon
- Potential issues in relation to Austria,Germany, Italy, Portugal and certain Eastern European countries.*

Royalty withholding tax

- Royalties paid to UK companies are no longer governed by EU Interest and Royalty Directive and tax treaties need to be relied upon
- Potential issues in relation to Austria, Italy, Portugal and certain Eastern European countries.*

Transfer Pricing

- UK will no longer be party to EU Arbitration convention
- Increased uncertainty whether double taxation will be eliminated in case of TP adjustments APA and treaty MAP instead.

Interest withholding tax

- Interest paid by and to UK companies are no longer governed by EU Interest and Royalty Directive and tax treaties need to be relied upon
- Potential issues in relation to Belgium, Italy, Portugal and certain Eastern European countries.*

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Brexit

*A number of EU countries have linked domestic and treaty based withholding tax reliefs to EU resident status of recipient.