

# GMS Flash Alert

2021-133 | May 4, 2021



## European Union – EU-U.K. Agreement Ratified

Following the departure of the United Kingdom (U.K.) from the European Union (EU) – otherwise known as “Brexit” – the EU and the U.K. concluded the Trade and Cooperation Agreement<sup>1</sup> in late December 2020. The Agreement entered into force provisionally on 1 January 2021 and was awaiting the formal ratification procedure in the EU that had to be finished by 30 April 2021.

It was announced on 28 April 2021, that the EU Parliament approved the EU-U.K. Agreement with a large majority<sup>2</sup> which means that the Agreement applies permanently from 1 May 2021.

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### WHY THIS MATTERS

The confirmation by the EU Parliament that the Agreement applies permanently means that employers have certainty and security when it comes to planning their mobility policies and arrangements for employees in a cross-border situation between the EU and the United Kingdom.

In the context of mobility of people, the Agreement outlines, most significantly, changes to immigration<sup>3</sup> and social security<sup>4</sup>.

There is no longer free movement between the EU and the U.K., which means that employers and employees must observe rules for residence and work permits in each country, and must take into account the limitations to social security coverage in comparison to EU legislation. Also, employers should identify their U.K. nationals in the EU as non-EU nationals in order to properly manage their compliance, rights, and liabilities (for related coverage, see the following issues of *GMS Flash Alert*: [2021-010](#) (8 January 2021) and [2021-005](#) (5 January 2021)).

## Additional Information

### General

In areas that are not regulated by EU law, including personal income tax, it is important to bear in mind that U.K. nationals are third-country nationals in the EU and nationals of EU countries are third-country nationals in the United Kingdom. This means that if there are agreements or treaties that are not subject to EU legislation, employers should note if there are stipulations that distinguish between EU nationals and non-EU nationals. With U.K. nationals now being non-EU nationals, this can mean that there are certain limitations applying, or a different set of requirements that will need to be met, in comparison to EU nationals.

### EU Directive for Posted Workers

U.K. employers posting employees to the EU must observe the registration obligation for posted workers that apply to postings from a non-EU country to an EU country<sup>5</sup>. (For prior coverage, see [GMS Flash Alert 2021-058](#), 19 February 2021.)

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## KPMG NOTE

The new EU-U.K. Agreement introduces significant changes, particularly with respect to immigration and social security coverage. Employers should make sure that their policies and arrangements that involve EU-U.K. cross-border work are updated to reflect the new conditions, requirements, and costs.

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## FOOTNOTES:

1 Full text: [Trade and Cooperation Agreement between the European Union and the United Kingdom](#). Note that there might be additional bilateral conditions between the U.K. and Ireland, the U.K., Gibraltar and Spain, and the U.K. and Switzerland, etc.

2 Press release from the EU Parliament: [Parliament formally approves EU-UK trade and cooperation agreement](#) (28 April 2021).

3 Immigration between the EU and the U.K. is a matter of national legislation in each country. For more information on changes to immigration, see the [Brexit](#) section on the *GMS Flash Alert* webpage on [www.kpmg.com](#).

4 Social security is regulated in the Protocol on Social Security in Trade and Cooperation Agreement between the European Union and the United Kingdom. For a KPMG analysis, see [GMS Flash Alert 2021-010](#), 8 January 2021.

5 For additional information, see [GMS Flash Alert 2021-080](#), 11 March 2021.

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## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or the following professional with the KPMG International member firm in The Netherlands:



**Daida Hadzic**  
**EMA Head of Quality**  
Tel. +31 6 532 54 599 (m)  
[Hadzic.daida@kpmg.com](mailto:Hadzic.daida@kpmg.com)

**The information contained in this newsletter was submitted by the KPMG International member firm in The Netherlands.**

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