

# Brexit Update for the Motor Sector

As Brexit talk deadlines extend, the position of the UK Motor sector remains a cause for concern. At OEM level the prospect of a 10% tariff on cars moving in and out of the UK from the EU now seems increasingly inevitable.

We know that manufacturers have differing approaches to the issue with Ford having taken the most radical step in the market with plans to make their dealers the 'importer of record'. Ford are seeking to minimise the disruption and added bureaucracy this will entail, but there is an inevitable impact on cash flow. Dealers will no longer benefit from the cash flow advantage of reclaiming VAT from HMRC on stock purchases before paying that VAT to Ford. Other manufacturers will no doubt monitor the practical impact of this approach and we may see it spread more widely in the sector.

In the meantime, most dealers will continue to buy from UK distribution arms and will notice no change other than an inevitable upward pressure on price due to the impact of tariffs. This may create some market shifts as the tariff change will only affect imports of cars manufactured in the EU – the market price of those cars will therefore rise relative to cars imported from further afield. For example, cars imported from South Korea benefit from a zero tariff and this is expected to continue post-Brexit.

Some dealers buy stock directly from manufacturers or distributors in Europe and they will need to understand the impact of the UK's exit from the EU Single Market and Customs Union on the cost and practicalities of importing prestige sports cars, mainly from Italy.

Dealers who export cars must anticipate the end of the New Means of Transport Scheme (NMT) which allows EU nationals to buy cars VAT-free in the UK where the vehicle is ultimately destined for an EU address. The Personal Export Scheme (PES) will replace it, but the conditions are tighter and dealers need to ensure they are familiar with them.

As well as these Motor specific topics, we are talking to clients about the following Brexit related issues.

## Customs Warehousing

This will be really important in a No-Deal situation. Our info sheet is here and clients in a manufacturing setting will be particularly affected. We can provide detailed project based advice.

## Commercial terms

All businesses with intra-EU trade will need to have revised paperwork to deal with the changes, we can advise on what they need. In particular businesses who have commercial terms to deliver to their customer will need to review their contracts to see what implications this has. We can also introduce Customs agents to undertake accurate declarations.

## EU VAT registrations

A side effect of importing into the EU will be the requirement to be registered for VAT and potentially appoint a fiscal representative. Without it a business will not be able to claim back their import VAT or trade within the EU. We can handle all aspects of these obligations.

Get in contact to find out how we can help your dealership with its planning for Brexit.


## Contact Us



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