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Brexit Frequently Asked Questions for Corporates

You and your trade relations

What should I do for my banking business when I do business with the United Kingdom (UK) after Brexit?

The banks have prepared for a no-deal Brexit and want the service to continue without interruptions in a no-deal Brexit. The European Commission (EC) has announced measures that support this. Your own bank can inform you about this further.

What is changing in my trade relations with the UK?

The Luxembourg economy has always maintained close trade relations with the UK. In case of a no-deal Brexit, the UK is leaving the internal market and the customs union. As a consequence, you may be confronted with import duties (only on goods), as well as customs procedures such as border controls, import permits, and export declarations. You may also have to deal with additional requirements in the area of safety, health or the environment. This not only concerns your suppliers and customers, but it can also affect other companies in your value chain.

Can I still do business with my British suppliers after a no-deal Brexit?

Yes, but, depending on the circumstances, not without consequences. In case of a no-deal Brexit, the UK leaves the internal market and the customs union. The UK is becoming a 'third country' from an European Union (UE) perspective, thereby assimilating with the large majority of jurisdictions not part of the EU. Customs declarations import tariffs and specific product requirements therefore become part of your import from or export to the United Kingdom.

Can I still do business with my British customers after the 'no-deal' Brexit?

Yes, but, depending on the circumstances, not without consequences. In case of a no-deal Brexit, the UK leaves the internal market and the customs union. The UK then becomes a 'third country' from an EU perspective, for which certain less favorable trade agreements are applicable (e.g. World Trade Organisation (WTO) rules). You may also have to deal with import duties (on goods only) and customs procedures, such as border controls, import permits and export declarations.

You and your transactions

Do I still have to use an IBAN if I transfer money to the UK?

Yes. The [IBAN](#) is a worldwide ISO standard for account numbers that does not change as a result of Brexit. For [SEPA](#) payments (i.e. bank transfers in euros and direct debits in euros) both the payer and the recipient must have an IBAN payment account in euros. If you want to transfer money to a British IBAN (in British pounds), you will have to deal with currency exchange costs (after all, your euros have to be exchanged for British pounds), as is already the case.

Member of



ABBL a.s.b.l.

R.C.S. Luxembourg: F352

EU Transparency register: 3505006282-58

Office address:

12, rue Erasme
L-1468 Luxembourg

Postal address:

P.O. Box 13,
L-2010 Luxembourg

Tel.: (+352) 46 36 60-1

Fax: (+352) 46 09 21

mail@abbl.lu

www.abbl.lu

Do I still credit my trade activities with the UK?

Brexit itself will not affect the granting of credit for trading activities with the UK. However, depending on the economic consequences of the Brexit (Sterling Pound exchange rates, collateral valuation and other risk factors), the conditions for lending may change. We suggest to contact your bank in this respect.

Do I need extra credit lines after Brexit?

Perhaps, depending on the specificities of your activities and exposure vis-à-vis the UK market. Most sectors have identified the risks of Brexit. We suggest that you analyse in detail what the identified risks mean for your company. A typical example may be that in case of queues at customs or import tariffs for your means of production rise, your cost will increase exponentially. Discuss any additional need for credit space with your bank in a timely manner.

Do I run exchange rate risk if I do business with the UK after Brexit?

Yes, you are exposed to exchange rate risk on transactions with the UK. This is nothing new, because the UK has always maintained its own currency. Economic forecasts expect that, in view of the uncertainty surrounding the Brexit, there will be an increased risk of currency fluctuations in the exchange rate between the British pound and the euro.

Can I hedge exchange rate risk after the Brexit?

Yes, in the way that already is possible now. There are various products to hedge currency risks. Please be aware however that Brexit will also have an impact on already existing hedging arrangements. In this respect, it is worth discussing the various possibilities with your bank and see which financial product best suits your company. You can already take currency risks into account for contracts that are still to be concluded. Discuss the possibilities with your bank.

Can the bank help me to estimate the risks of a Brexit for my company?

Yes. Your bank is readily at your disposal to discuss the impact that Brexit can have on your company. We suggest that you fill in a checklist from your bank. This will map the consequences of the Brexit on your import and export, the link with the United Kingdom in the value chain of your product, check the Brexit-proof of contracts and see if your company is sensitive to currency fluctuations of the British pound.

I still have British pound banknotes at home. Do I need to redeem it quickly?

The British pound is already today (and always has been to that extent) a legal tender and that does not change after a Brexit. So, you can continue to use them after Brexit. Whether you want to exchange your pounds in euros or other currencies depends on your own assessment of the value development of the pound.

After a no deal, what changes does Brexit for my GBP account (at my Luxembourgish bank)?

You can, in principle, simply keep and use your GBP account (in British pounds) after a no-deal Brexit. We do, however, advise you to check with your bank whether the product conditions for your GBP account change.

What will be the consequences of a no deal Brexit for a euro payment to the United Kingdom ?

Even after a no-deal Brexit, the UK will continue to comply with the European legislation in force in the field of payment transactions. Among other things, the current legislation stipulates that cross-border euro payments within the SEPA area may not be more expensive than those for national euro payments.

Will a payment transaction to the United Kingdom take more time after a no-deal Brexit?

No, because even after a Brexit no-deal, the UK continues to comply with the revised European Payment Services Directive ([PSD2](#)) as transposed in British law. This piece of legislation prescribes the maximum processing time for all types of payment transactions. For example, the maximum permitted processing period for the European credit transfer is one (1) business day. For the processing of assignments delivered on paper, this period may be extended by one (1) business day.

I also have an account with a British bank, can I still keep it after a no deal Brexit?

Yes, that remains possible. Ask your British bank if you have any further questions about it.