



HM Government
UK TRANSITION



SERVICES AND INVESTMENT BUSINESS ACTION CHECKLIST

**NEW RULES WILL AFFECT
YOU FROM 1 JANUARY 2021**

A guide to help Services and Investment businesses identify the actions they need to take before the end of the Brexit transition period.

 TAKE ACTION NOW TO BE READY IN TIME
GOV.UK/TRANSITION

 Check
 Change
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SERVICES AND INVESTMENT BUSINESSES NEED TO TAKE ACTION

The UK has left the EU and the transition period will end on **31 December**. As we transition to our new relationship with the EU, we all need to take action to prepare.

From 1 January 2021, there will be a series of guaranteed changes and opportunities for businesses.

Many of these changes will be required regardless of the agreement we reach with the EU on our future trade relationship, as the UK will be leaving the single market and customs union. You can be confident that your preparations for these changes will not be wasted.

You need to check what will change for your business from 1 January 2021 and take action now, to ensure you are not at risk.

We have put together a list of actions that are relevant to your sector to help you to start identifying what your business needs to do. We have provided a summary for each action, explaining why your business needs to act and where you can find further information.

These actions have been categorised into separate themes to help you decide which actions are relevant to your business.

There may be more actions that are relevant to your business. You should visit [gov.uk/transition](https://www.gov.uk/transition) and use the simple checker tool to find out if your business needs to take any further actions.





Data

- Be prepared on data protection and data transfers
- Replace .eu top level domain names
- If you provide online services to countries in the EEA, check if rules in those countries newly apply
- Ensure compliance with Network and Information Systems Directive if operating in the EU/EEA

Workforce

- Signpost your current employees to the EU Settlement Scheme
- Check if a visa or work permit is required to travel to the EU for work purposes and apply if necessary
- If you are planning to recruit from overseas from 1 January 2021, you will need to register as a licensed visa sponsor

Providing Services

- Get your qualifications recognised now by EU regulators to be able to practise or service clients in the EU
- If UK-adopted international accounting standards are not determined as equivalent to EU-adopted international accounting standards, UK businesses listed on EU markets may need to produce accounts that comply with EU-adopted international accounting standards (or an equivalent) and UK-adopted international accounting standards
- Check if there are any changes to who can own, manage or direct companies in the sector(s) and country(ies) you operate in
- Check if there are any changes to the regulations for providing services remotely from the UK to the EEA. Do this both for the sector you operate in and the EEA country you wish to provide services to
- Legal professionals should understand the changes to the legal framework (including changes to civil judicial cooperation) and rights to practice after 31 December

Intellectual Property

- Consider whether changes to the framework for the exhaustion of IP rights will impact your business. You may want to seek legal advice to inform your assessment
- Consider if any potential changes to the eligibility for unregistered designs rights in the UK and the EU will impact your business





Data

Personal data is any information that can be used to identify a living person, including names, delivery details, IP addresses, or HR data such as payroll details. Most organisations use personal data in their daily operations. If you receive personal data from the EU for business use, you may need to take action on data protection. Additionally, if you provide online service in the EU, you will have to ensure that you are compliant with relevant requirements in each EU country you operate in.

✓ **Be prepared on data protection and data transfers.**

If you're a business or organisation that receives personal data from the EU/EEA, you may need to take action on data protection as we transition to our new relationship with the EU. Check how you can legally continue to receive personal data such as names, addresses or payroll details from organisations in the EU or EEA from 1 January 2021. Your business may not be able to legally receive personal data from EEA if you have not put in place alternative safeguards to cover EU-UK personal data flows by 31 December 2020. To understand more about the steps you need to take, visit www.gov.uk/transition.

✓ **Replace .eu top level domain names.**

If you hold a .eu domain, check if you need to replace it. From 1 January 2021, you'll no longer be able to register or renew .eu domain names if your organisation, business or undertaking is established in the UK but not in the EU/European Economic Area (EEA), or if you live outside of the EU/EEA and are not an EU/EEA citizen. Find out more at www.gov.uk/transition.

✓ **If you provide online services to countries in the EEA, check if rules in those countries newly apply.**

The eCommerce Directive currently allows UK based online service providers to operate in any EEA country, while only following relevant rules in the country in which they are established. This framework will no longer apply to UK providers from 1 January 2021.

You should consider whether your services are currently in scope of the Directive, and if so, ensure that you are compliant with relevant requirements in each EEA country you operate in. Depending on the nature of your online services you may already comply with these requirements. Find out more at www.gov.uk/transition.





✓ **Ensure compliance with Network and Information Systems Directive if operating in the EU/EEA.**

If your business is a UK based Digital Service Provider to the EU/EEA, make sure you comply with the Network and Information Systems Regulations and the associated EU Directive from 1 January 2021. The Network and Information Systems Directive provides legal measures to boost the overall level of network and information system security in the EU. To comply, you must appoint a representative in one of the EU member states where you offer services. Find out more at www.gov.uk/transition.

Other useful links:

- ICO Website - Data protection at the end of the transition period www.ico.org.uk.
- Legal aspects of information society services www.eur-lex.europa.eu.





Workforce

The UK has left the EU and from 31 December 2020, free movement of people between the UK and EU will end. Currently, EU citizens have the right to move freely into the UK to live, work and study here. This will come to an end after the transition period and the UK will introduce a points-based immigration system.

The new system will change the way you hire from the EU and it is important you take the necessary steps to prepare. Anyone you want to recruit from outside the UK, excluding Irish citizens, will need to apply for permission first, and you will need to be registered as a licensed sponsor. Further information can be found below.

The new system will not apply to EU employees already working for you in the UK. EU citizens and their family members living in the UK by 31 December 2020 can apply to the EU Settlement Scheme. Similarly, EU citizens who are employed, or self-employed in the UK, but live elsewhere, otherwise known as frontier workers, will be able to keep their status if they are frontier working in the UK by 31 December 2020, but they will need to apply for a permit. Irish citizens will not need a frontier worker permit but may apply for one if they wish. Additionally, EU citizens can continue to visit the UK for up to six months without applying for a visa and may also participate in a wide range of activities, including business-related activities, such as events and conferences.

✓ **Signpost your current employees to the EU Settlement Scheme.**

If you employ EU, EEA and Swiss citizens, you can signpost them to the information they need to apply to the EU Settlement Scheme, to protect their right to live, work and access benefits in the UK. The deadline for applying is 30 June 2021. Find out more at www.gov.uk/transition.

✓ **Check if a visa or work permit is required to travel to the EU for work purposes and apply if necessary.**

The country you are travelling to might ask you to arrange additional documentation depending on who you are, the activity you perform and how long you are travelling for. You may face delays or refusal at border when travelling for business if you do not comply with the immigration requirements of the EU27 if travelling after 31 December 2020. For more information visit www.gov.uk/transition.





- ✓ **If you are planning to recruit from overseas from 1 January 2021, you will need to register as a licensed visa sponsor.**

The way you hire from the EU is changing from 1 January 2021. To hire anyone new from outside the UK, you'll need to register as a licensed sponsor. Getting a license normally takes 8 weeks and fees apply. New employees from outside the UK will also need to meet new job, salary and language requirements. Irish citizens and those eligible under the EU Settlement Scheme are not affected.

If you are not already a licensed sponsor and you think you will want to sponsor migrants through the skilled worker route from January 2021, you should apply now. You may not be able to legally hire people from outside the UK, unless you are a licensed sponsor. Find out more at www.pbiseemployers.campaign.gov.uk.

Other useful links:

- Travel Advice www.gov.uk/transition.
- Entry Requirements for providing services and travelling for business to the EU www.gov.uk/transition.
- Further Guidance on visiting Europe from 1 January 2021 www.gov.uk/transition.
- Checking passport validity www.gov.uk/transition.
- EU Settlement Scheme www.gov.uk/transition.
- Employer resources for understanding the new points-based immigration system www.gov.uk/transition.
- Further guidance on frontier working in the UK www.gov.uk/transition.





Providing Services

If you're a UK business or professional providing services in the EU or EFTA region, you will need to check the national regulations of the country you're doing business in to understand how best to operate. You will also need to have your UK professional qualification officially recognised if you want to work in a profession that is regulated in the EU or EFTA.

- ✓ **Get your professional qualifications recognised now by EU regulators to be able to practise or service clients in the EU.**

If you have a UK professional qualification you will need to have this officially recognised by the appropriate regulator for your profession in each country where you intend to work. You will need to do this even if you are only providing short-term or occasional professional services. If you do not do this, you may be unable to practise your profession or service clients in the EU from 1 January 2021. There are different rules if you are a lawyer or an auditor. For more information, visit www.gov.uk/transition.

- ✓ **If UK-adopted international accounting standards are not determined as equivalent to EU-adopted international accounting standards, UK businesses listed on EU markets may need to produce accounts that comply with EU-adopted international accounting standards (or an equivalent) and UK-adopted international accounting standards.**

Companies preparing IFRS accounts will need to use 'UK adopted IFRS' instead of 'EU adopted IFRS' for financial years beginning after the 1 January 2021. UK incorporated groups with securities admitted to trading on a UK regulated market will need to prepare accounts using UK adopted IFRS for all accounting periods beginning on or after 1 January 2021. UK incorporated companies listed on other EU markets will need to comply with the rules of those markets as well as preparing accounts that comply with the UK Companies Act 2006.

UK incorporated parent companies with a subsidiary in the EEA and UK companies with a presence in the EEA (for example a branch) need to check the reporting requirements in the country where the subsidiary, or branch, is based.

UK incorporated groups that issue debt from a subsidiary incorporated in the EU will need to comply with the rules of the country where the subsidiary is based as well as produce accounts that comply with the UK Companies Act 2006. More information is available at www.gov.uk/transition.

UK companies listed in the EEA need to secure an auditor who is registered as a third country auditor in the relevant EEA states to comply with local audit requirements. More information is available at www.gov.uk/transition.





- ✓ **Check if there are any changes to who can own, manage or direct companies in the sector(s) and country(ies) you operate in.**

If you have a UK business or are a UK citizen, you might face restrictions on your ability to own, manage or direct a company registered in an EEA country or Switzerland from 1 January 2021. You should be prepared for: additional requirements on the nationality or residency of senior managers or directors and/or limits on the amount of equity that can be held by non-nationals. Find out more at www.gov.uk/transition.

- ✓ **Check if there are any changes to the regulations for providing services remotely from the UK to the EEA. Do this both for the sector you operate in, and the EEA country you wish to provide services to.**

If you have a UK business or are a UK citizen, you might face changes to the regulations governing remote service provision from the UK into an EEA country e.g. providing consultation services over email or video call. Certain sectors may face additional information or authorisation requirements, or a requirement to establish a legal presence in the EU to continue providing such services. This will vary by sector, and also by member state.

If you provide a more highly regulated service, such as legal, accounting or healthcare related services, it is more likely there will be new requirements to consider. You should check the relevant member state sectoral regulation and seek legal advice if you require further guidance. Find out more at www.gov.uk/transition.

- ✓ **Legal professionals should understand the changes to the legal framework (including changes to civil judicial cooperation) and rights to practice after 31 December.**

EU and EFTA legal professionals practising in the UK will no longer be able to carry out reserved legal activities in the UK under their home title after 31 December. The appropriate action will depend on the legal services you practise and your business model.

If you want to provide reserved legal activities, you will need to requalify as an English, Welsh or Northern Irish lawyer with the relevant regulator under routes for foreign lawyers. If you do not want to provide reserved legal activities but want to work jointly with an English or Welsh lawyer, you will need to register as a Registered Foreign Lawyer in England and Wales with the relevant regulator. You can also work under the supervision of an English, Welsh or Northern Irish lawyer, or only undertake unreserved legal activities.

You may still need to register with another type of regulator depending upon the activities you choose to undertake, for example the OISC for immigration advice and FCA for claims management activities.





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Find out more at www.gov.uk/transition.

There will also be changes to family law disputes, including divorce and maintenance cases. More information is available at www.gov.uk/transition.

There will also be changes to cross-border commercial and civil legal cases. More information is available at www.gov.uk/transition.

Legal professionals should make themselves aware of these changes and understand how they may affect cases.

Other useful links:

- European Commission's Regulated Professions Database www.ec.europa.eu.
- Single Point of Contact www.eu.europa.eu.



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Intellectual Property

The Intellectual Property system will continue as it is until 31 December 2020. There will be no disruption to IPO services or changes to the UK IP system during this transition period. The IPO will convert almost 1.4 million EU trademarks and 700,000 EU designs to comparable UK rights at the end of the transition period. However, there will be some actions business will have to take in order to protect their intellectual property.

- ✓ **Consider whether changes to the framework for the exhaustion of IP rights will impact your business. You may want to seek legal advice to inform your assessment.**

If you currently export intellectual property protected goods (such as goods branded with a trade mark) from the UK to the EEA that have already been placed on the UK market, you may need to contact the rights holder to get permission to continue after 1 January 2021. If you own intellectual property rights in goods first sold in the UK, you will need to consider if you want to allow parallel exports of your intellectual property-protected goods from the UK to the EEA after 1 January 2021. More information is available at www.gov.uk/transition.

- ✓ **Consider if any potential changes to the eligibility for unregistered designs rights in the UK and the EU will impact your business.**

From 1 January 2021 onwards the unregistered Community design will no longer cover the UK. A new supplementary unregistered design, mirroring the characteristics of the Community right will be introduced in the UK. Unless there is an agreement on disclosure, eligibility will be restricted to the territory in which a design is first disclosed, either the UK or EU. You may not have IP protection in your most important market if you do not make an informed choice about first disclosure of their unregistered designs.

You should consider if any potential changes to disclosure requirements will impact your business and check with your legal team about how best to secure unregistered design protection in the UK and EU. More information is available at www.gov.uk/transition.

