

Contracting in a post-Brexit Europe: key points for contractors

Contractors, much like the majority of the remainder of the UK workforce, are facing a period of uncertainty in the wake of Britain's decision to leave the European Union (EU).

Aside from concerns over intensified skills shortages and questions over the likely impact of Brexit on UK regulation, contractors trading in Europe in particular will be eager to find out what changes are likely and how they can expect to be impacted.

For Charles Daw, overseas expert at contingent workforce solutions provider **CXC Global**, nothing will change for the time being, although a lot ultimately depends on Britain's negotiation process out of the EU:

"At the moment, everything is still business as usual. Article 50 has not been invoked yet, and once it is, there will still be two years before we actually exit. No one can categorically say what the climate will be when the process of exiting starts and negotiations between Governments take place in order to see what deals they get for the country."

Will contractors be subject to more tax following Brexit?

One area where contractors can expect little change is that of taxation. Daw notes that it is highly unlikely that contractors will be subject to higher taxation as they should still be taxed at the level of the country they're working in.

There is slightly less certainty surrounding the situation regarding double taxation treaties, which ensure that workers are taxed the correct amount on work carried out abroad. The UK currently holds a double taxation treaty with each EU member state. However, Daw points towards the fact that these are also held with the majority of countries outside the EU as evidence that they are likely to remain.

One notable concern amongst remain campaigners in the build-up to the EU referendum was that each contract with clients in the EU would require a surcharge of 20% VAT. It has been noted that this charge could be viewed as a potential deterrent from engaging with UK contractors for EU clients. However, providing the paperwork is in order, Daw explains that this needn't be a concern:

"Generally, if both parties are VAT registered and legally registered in different countries, the invoice and payment is a cross border transaction and is therefore zero rated. We wouldn't expect this to change as it's an international tax convention and not just specific to the EU."

Will it be harder to source contracts?

There is less certainty surrounding the ease of acquiring contracts post-Brexit. According to Daw, this is highly dependent on the negotiations for exiting the EU: "If freedom of movement and freedom of work are both agreed during negotiations, contractors will be pleased to hear that there will be very little impact on the options available to them."

Daw acknowledges that it is key for overseas contractors that Britain opts to remain in the European Economic Area (EEA), the enlarged single market which allows for free movement of labour. However, for the time being at least, contractors can expect to go about their business as usual.

"The process of sourcing contracts should remain the same as it is now and all of the current solutions that are available will be so for at least the next two years," comments Daw.

"CXC has a history of creating new solutions to help contractors and agencies enter new markets and that definitely won't change. So, if the rules do change in the negotiation process, then we'll simply create new solutions to allow contractors to continue working where they want to."

What problems could be posed by visas?

In the instance that the UK doesn't manage to retain the right to freedom of movement within the EU, it is very likely that contractors will need work visas to operate in Europe. This could throw up complications for contractors from both a fiscal and practical point of view:

"If the freedoms are withdrawn, visas are likely to be needed. This would require a company to sponsor the visa and then employ the contractor. Employed solutions are generally more expensive and have additional employment costs attached to them so the retention level for contractors would decline."

Daw notes that the financial viability of trading in the EU may also be reliant on freedom of movement, adding: "If work visas are required, it may become more expensive for contractors to work in Europe. But again, we can't say with any degree of certainty just yet."

Will professional qualifications hold the same relevance in Europe?

Contractors have less to worry about on this front as most countries recognise the qualifications obtained in another country. Daw points out that, whilst a

contractor may need to have their qualification attested by the relevant embassy, leaving the EU won't have any significant impact.

"For example, at the moment if you were going to Saudi Arabia for work, your degree certificate would need to be submitted to the Saudi embassy in the UK, attested by them and returned to you so that it becomes a legal qualification in the country."

He adds: "There is the potential that this could become a requirement for working in the EU again though, but again that is all dependent on the deal the Government gets for the country."

Meanwhile, whilst contractors await the eventual outcome of the upcoming negotiations, Daw admits that there is no way of knowing how the overseas contracting landscape might change in the immediate aftermath, concluding:

"At this point it is not possible to say as there are currently no changes yet that effect UK contractors. As the negotiations develop, if it becomes more difficult for contractors to work in the EU, I would assume that we would see a reduction. But, as with most changes, they normally provide opportunities as well for those leading the way."

Published: Monday, July 18, 2016

© 2016 All rights reserved. Reproduction in whole or in part without permission is prohibited. Please see our [copyright notice](#).



ABCe verified website - last audit confirmed 134,482 monthly unique visitors

© Copyright 2016 Byte-Vision Limited UK. All rights reserved [Copyright notice](#)