Questions and Answers: the consequences of the United Kingdom leaving the European Union without a ratified Withdrawal Agreement (no deal Brexit)

This present document is for information purposes only.

Citizens & social security

1. What will be the legal situation of UK nationals resident in the EU in case of no deal? Can they continue to work in their Member State of residence and travel freely across the whole EU? Will they need specific documents and can they apply already for those?

In today’s Communication, the Commission has called upon Member States to act along the following lines regarding the rights of UK nationals to stay and work in EU27 Member States in case of no deal:

- Take measures so that all UK nationals legally residing in a Member State on 29 March 2019 will continue to be considered as legal residents of that Member State without interruption;
- Stand ready to issue residence permits to the UK nationals concerned as evidence of their legal stay and right to work;
- Take all necessary legislative and administrative measures to be able to issue temporary residence documents by the withdrawal date, and to process applications for definitive residence permits under the uniform format by the end of 2019.
In the second Communication on Brexit preparedness from 13 November 2018, the Commission had:

- called upon Member States to include the periods of legal residence in an EU27 Member State prior to the withdrawal when assessing if a UK national fulfils the 5 years of residence condition;
- recommended that Member States accept applications for residence permits that are submitted in advance of the UK’s date of withdrawal.

In addition, UK nationals who are family members of EU citizens having exercised the right to free movement will enjoy the right to move and reside in an EU Member State, and may receive a “Residence card of a family member of a Union citizen”. Finally, UK nationals resident in one of the EU Schengen states, who hold a residence permit, can travel freely in the Schengen area for short stays (up to 90 days outside the country of residence).

2. **What will be the legal situation of EU citizens residing in the UK in case of no deal?**

The Commission has called upon Member States to take a generous approach to UK nationals who are already resident in their territory. The Commission expects the reassurances given by the UK authorities – that, even in case of no deal, the rights of EU citizens in the United Kingdom will be protected in a similar way – to be formalised soon so that it can be relied upon by citizens.

3. **Will periods of legal residence of a UK national in an EU27 Member State before the withdrawal date count towards acquiring a long-term residence permit in that Member State?**

The Commission confirmed in its Communication of 13 November 2018 that, in the Member State of residence, periods of legal residence of UK nationals prior to withdrawal also count for the purpose of attributing EU long-term resident status to UK nationals (and their third-country family members) under the terms of Directive 2003/109/EC.

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4. **What happens, in case of no deal to the old-age pension of an EU27 citizen who is currently retired in the UK and receives an old-age pension from one or more EU27 Member States?**

The Commission has called upon Member States to continue paying old-age pensions to EU27 citizens who are already residing in the UK on 29 March 2019 and remain there after that date. Nothing in EU law prevents Member States from paying pensions to beneficiaries residing in a third country.

5. **In case of no deal, what happens to the old-age pension of an EU27 citizen who at one point worked in the UK before 30 March 2019?**

The Commission has called upon EU27 Member States to ensure that EU27 citizens who worked in the UK for periods before 30 March 2019 retain their right for those periods to be taken into account when his or her right to an old-age pension is determined and calculated by the relevant Member State. Furthermore, the place of residence of the person entitled to the old-age pension, whether in the EU27 or in the UK, should not be of any relevance.

6. **In case of no deal, what happens to old-age pension rights acquired by UK nationals from periods worked in (an) EU27 Member State(s) before 30 March 2019 if the person decides to retire in an EU27 Member State, the UK or another third country?**

The Commission has called upon EU27 Member States to ensure that UK nationals – who exercised their right to free movement within the EU at a time when the United Kingdom was an EU Member State – retain their rights for their periods of insurance or employment completed in EU27 Member States before 30 March 2019 so that this is taken into account by EU27 Member States when determining and calculating their old-age pensions.
Transport

- General

7. Why are you proposing contingency measures for aviation but not for rail transport? Are you treating modes of transport differently in case of no deal?

The withdrawal of the UK from the EU without a deal will cause disruption in all modes of transport, but to a different degree. In particular, some modes of transport benefit from an international system, which will remain in place in a no-deal scenario and provide limited, continued basic connectivity. Moreover, in many areas it is possible for economic operators to take preparedness actions. Contingency measures do not compensate for the lack of preparedness actions from stakeholders.

In aviation, there is no existing regulatory fall-back option that would allow the continuation of basic connectivity for air transport services between the EU and the UK. In road transport, the existing fall-back options (European Conference of Minister of Transport’s quotas) is not sufficient to avoid major disruptions, which leads the Commission to propose a contingency measure to ensure some basic connectivity for road haulage.

As regards the maritime sector, existing international rules will enable some basic connectivity. In general, EU rules already allow stakeholders and national authorities to prepare, before the withdrawal date, for a possible no-deal scenario by making sure that they obtain the relevant certificate from an EU27 Member State (e.g. railway undertakings can establish themselves in one of the EU27 Member States to obtain an operating licence or they can request safety certifications from EU27 authorities, airline pilots can apply for EU27 licences, seafarers can obtain recognition in the EU27 of the UK certificate, etc.).

For more details, stakeholders should consult the Commission preparedness notices on the various modes of transport.\(^2\)

- Aviation – market access

8. Will there still be plane connections between the UK and the EU in case of no deal? What exactly is the EU proposing to ensure this? What will happen if the UK does not reciprocate the measures taken by the EU?

In case of no deal, the Commission is proposing that "point-to-point" flight connections, i.e. connections from the territory of the United Kingdom to the

\(^2\) https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#move
territory of the EU27, are temporarily allowed on the basis of a unilateral measure. This measure will enter into force in case of no deal, if the United Kingdom reciprocates, and last until 30 March 2020. This is to avoid a full interruption of traffic between the EU and the United Kingdom.

To ensure reciprocity, the proposal would enable the Commission to adopt appropriate measures, such as adjusting the allowable capacity available to UK air carriers, or requiring Member States to adapt, refuse, suspend or revoke the operating authorisations of UK air carriers, if the Commission were to determine that rights granted by the UK to EU air carriers are not equivalent to those granted to UK air carriers.

9. **Why is the Commission limiting its contingency proposal to only ensuring basic connectivity between the EU and the UK (so called 3\textsuperscript{rd} and 4\textsuperscript{th} freedoms)?**

A no-deal scenario will cause significant disruption. As mentioned in the Communication of 19 December 2018, contingency measures cannot replicate the benefits of membership of the Union, nor the terms of any transition period, as provided for in the draft Withdrawal Agreement. Basic connectivity refers to the level and volume of air transport services that will suffice to cover the basic needs of the Member States’ economies and mitigate to some extent the impact of withdrawal, without however guaranteeing the continuation of all existing air transport services under the same terms as they are supplied today.

10. **Will the Member States be able to conclude additional bilateral agreements with the UK in addition to the measures at the Union level?**

An EU level response will be the best way to ensure that EU27 interests are properly protected in any scenario, including no-deal. In case of no deal, the EU legislation on basic air connectivity proposed today will be implemented. There will be no need for Member States to enter into bilateral negotiations. A unified and clear aviation relationship between the EU as a whole and the UK is largely preferable, allowing all European airlines to continue to operate basic air routes between any Member State and the UK and ensure a level playing field.
• Aviation – ownership and control

11. In case of no deal, will EU airlines still be allowed to fly if they fail to meet the EU’s ownership and control requirements at the time of the withdrawal?

As explained in the notice to stakeholders regarding air transport published in January 2018\(^3\), in order to maintain the validity of an operating licence, and the freedom to provide intra-EU air services, all the conditions for the operating licence need to be respected, including being majority EU-owned and controlled. If the conditions are no longer fulfilled as a consequence of the United Kingdom’s withdrawal from the EU, the operating licence will no longer be valid. Stakeholders have been made aware of the above since the early stage of the withdrawal process and are in a position to take all measures required to remain in compliance with EU law for the sake of business continuity. For more details, stakeholders should consult the Commission preparedness notices on air transport.\(^4\)

• Aviation – safety

12. What does the Commission’s proposal on aviation safety concretely include?

In case of no deal, the Commission’s proposal for a Regulation:

- extends for a limited period of time – 9 months – the validity of certain certificates (in particular type certificates) that can only be issued by the European Union Aviation Safety Agency (EASA) on the basis of certificates issued by the UK once it is a third country;
- ensures that parts and appliances, for which a certificate of conformity was issued by a UK company before the withdrawal date, can still be used in and on aircraft although the company that issued the certificate is no longer entitled to issue new certificates.

13. What should stakeholders do to mitigate the impact of a no deal as regards aviation safety requirements?

Many holders of UK certificates (e.g. pilots, mechanics, examiners, instructors, etc.) have the possibility to obtain, already now, a certificate from an EU27 Member State. There have recently been many applications filed with EU27 Member States to transfer licenses.

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\(^4\) [https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#move](https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#move)
Where UK-based entities have to hold a certificate issued by EASA, companies are able to apply already now to as third country organisations. EASA has started processing certain early applications in order to anticipate the situation of the UK becoming a third country without a deal. Such certificates would enter into force at the moment of the UK’s withdrawal, in case of no deal.

For more details, stakeholders should consult the Commission preparedness notices on aviation.5

- **Aviation – security**

14. *Will passengers coming from the UK and transiting via EU airports have to undergo an additional security check in the EU airport? And what will apply to cargo operations?*

The repetition of security checks in EU airports will be a great inconvenience to travellers and pose considerable burdens on EU airports. To mitigate some of this impact, as announced in the Communication of 13 November 2018, the Commission intends to use the existing possibility to recognise a third country’s aviation security regime as equivalent for a limited period of time, so that additional security checks will remain unnecessary in case of transfer/transit of passengers coming from the United Kingdom and transferring or transiting at EU airports.

- **Road – haulage**

15. *Will trucks be able to continue carrying goods between the UK and the EU if the UK leaves in case of no deal? Is there a restriction in numbers?*

The Commission is proposing that operators from the United Kingdom are temporarily allowed to carry goods into the Union, provided the United Kingdom confers equivalent rights to Union road haulage operators and subject to conditions ensuring fair competition. This measure shall enter into force in case of no deal, and cease to have effect on 31 December 2019.

5 https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#move
16. **What will be the terms and conditions of cabotage operations in case of no deal?**

In case of no deal, cabotage by UK operators in the European Union will not be possible.

17. **Will passenger cars be able to drive between the EU and the UK if the UK leaves without a deal? Is there a restriction in numbers?**

Passenger cars registered in the United Kingdom will be allowed to drive to the European Union and vice-versa. There is no restriction in numbers. The only condition is that the vehicles (and drivers) comply with the relevant rules of the 1968 Vienna Convention on Road Traffic (or the 1949 Geneva Convention on Road Traffic for vehicles and drivers from Ireland, Cyprus, Malta and Spain). For more details you should consult the Commission preparedness notice on travelling of 13 November 2018.⁶

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**Road – Bus services**

18. **Will the EU take any contingency measures in this area? Would Member States be allowed to make bilateral agreements with the United Kingdom, to ensure the continuation of cross-border services?**

The EU does not intend to take any contingency measures in this area. The UK has signalled that, following its withdrawal from the European Union, it intends to become a Contracting Party to the Interbus Agreement of 2002 in its own right, which is in principle possible. This would allow transport by bus or coach as occasional services to be performed. The Interbus Agreement only covers occasional services, but a Protocol extending its scope to regular and special regular services has recently been agreed and is being ratified, hence bilateral agreements between individual Member States and the United Kingdom will not be needed.

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19. Are UK driving licences going to be recognised in the EU in a no deal scenario?

In a no-deal scenario, UK driving licences will be recognised in the European Union (and vice-versa) on the basis of the 1968 Vienna Convention on Road Traffic (and the 1949 Geneva Convention on Road Traffic in the case of Ireland, Cyprus, Malta and Spain).

For more details you should consult the Commission preparedness notice on travelling of 13 November 2018.7

• Rail transport

20. Will train services continue between the United Kingdom and the European Union in a no-deal scenario?

To continue operating in the EU, train operators need an EU operating licence and an EU safety certificate, as well as train drivers licensed in an EU Member State. Currently its operating licence and safety certificate, as well as licences held by some of their drivers, are issued by the UK authorities and will cease to be valid in the EU27 as of the withdrawal date in a no-deal scenario.

The Commission’s services have been in contact with operators on the need to fulfil the abovementioned requirements and to speed up the process in order to ensure the continuity of the service between the United Kingdom and the European Union in a no-deal scenario. This work will need to be completed rapidly to ensure the service continues running without significant interruption.

For more details, stakeholders should consult the Commission preparedness notices on rail transport.8

8 https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#move
Financial Services

21. **What exactly is the Commission proposing in the area of financial services?**

After examining the risks linked to a no deal scenario in the financial sector, and taking into account the views of the European Central Bank and the European Supervisory Authorities, the Commission has concluded that only a limited number of contingency measures is necessary to safeguard financial stability in the EU27. These measures mitigate financial stability risks only in those areas where preparedness actions from market operators alone are clearly insufficient to address these risks by the withdrawal date. This is why the Commission has adopted today two temporary and conditional equivalence decisions prolonging the access of EU firms to UK central clearing counterparties (CCPs)\(^9\) and UK central security depositories (CSDs)\(^10\), for 12 and 24 months respectively.

In addition, the Commission is amending two Delegated Regulations in order to preserve the regulatory treatment of derivative contracts currently exempted from the clearing obligation and the bilateral margin requirements that EU law imposes, when such contracts are transferred from the UK to the EU27. Such flexibility would be granted for a period of 12 months following the withdrawal date.

22. **Why is the Commission restricting itself to the measures proposed for certain derivative contracts and certain equivalence decisions in case of no deal?**

As indicated by the Commission in the Communication of 13 November 2018, contingency measures shall be strictly limited to what is necessary to deal with major disruptions. They cannot offset some of the costs created by the application of two separate regulatory and supervisory frameworks, nor remedy delays that could have been avoided by preparedness measures and timely action by relevant operators. This is why, beyond the two identified risks, it is the responsibility of market participants to mitigate possible risks by timely adaptation to this new situation.

\(^9\) Commission decision determining, for a limited period of time, that the regulatory framework applicable to central counterparties in the United Kingdom of Great Britain and Northern Ireland is equivalent, in accordance with Regulation (EU) No 648/2012 of the European Parliament and of the Council.

\(^10\) Commission implementing decision determining, for a limited period of time, that the regulatory framework applicable to central securities depositories of the United Kingdom of Great Britain and Northern Ireland is equivalent in accordance with Regulation (EU) No 909/2014 of the European Parliament and of the Council.
23. Will banks and insurers with headquarters in the UK be able to continue to provide services in the EU in case of no deal?

In case of no deal, entities headquartered in the UK providing banking services will no longer be allowed to provide services in the EU on the basis of their current authorisations.

Similarly, in case of no deal, UK insurance undertakings will no longer be allowed to provide services in the EU, including through online sales, on the basis of their current authorisations.

Financial institutions that wish to provide banking or insurance services in the European Union should take all necessary steps to be properly authorised on withdrawal date, including by establishing presence in the EU27.

For more details, stakeholders should consult the Commission preparedness notices on financial services.11

24. Will I be able to use in the EU those payment methods issued in the UK in case of no deal?

In case of no deal, payment institutions authorised by UK competent authorities will not be allowed to provide payment services in the European Union, as of the withdrawal date, or through the use of branches located in the Member States, under their current authorisations. Entities headquartered in the UK providing payment services, as well as e-money issuing, will no longer benefit from the authorisation to provide those services and activities in the European Union.

The possibility to use payment methods depends on the respective preferences of merchants and international payment methods are usually recognised throughout the world.

11 https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#fisma
12 https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#fisma
Nevertheless, EU law sets limits to interchange fees charged to merchants in respect of intra-EU transactions. Thus they will no longer cover transactions between the EU-27 and the United Kingdom after withdrawal date and higher fees may be charged. Provided that merchants are allowed to apply surcharges on consumers for card payments, this may lead to a higher surcharge for card payments.

For more details you should consult the Commission preparedness notice on travelling of 13 November 2018.\(^\text{13}\)

25. *In case of no deal, will I need to change my car insurance or follow any specific procedure to drive in the EU27 with a car insured in the UK?*

If you travel to the EU27 from the United Kingdom with a UK-registered vehicle, you should make sure, prior to travelling, that your motor insurance policy covers the EU, as this might not be the case under the Green Card system, and that a Green Card is present in your vehicle\(^\text{14}\).

For more details, you should consult the Commission preparedness notice on travelling of 13 November 2018.\(^\text{15}\)

**Sanitary and Phyto-sanitary (SPS) rules**

26. *What is the exact scope of the contingency measures on veterinary legislation and when will they be in place?*

In case of no-deal, EU rules in public/animal health areas will no longer apply to the UK. Therefore, the entry of animals and their products from the UK into the EU will only be allowed if the UK is listed as an authorised third country in the relevant sectors of EU legislation.

The contingency measures announced in the Commission Communication of 13 November 2018 foresee that the UK will be added to the lists for live

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\(^\text{14}\) For more information, see the Commission preparedness notice on travelling of 13 November 2018, p. 20.

animals and animal products, subject to providing guarantees that all applicable conditions under the veterinary or sanitary legislation will be fulfilled. In a no deal scenario, the listing of the United Kingdom should enter into force on 30 March 2019.

27. **Will live animals and animal products be checked at the borders when entering the European Union from the United Kingdom after 29 March 2019 in case of no deal?**

In case of no-deal, every consignment of live animals and animal products coming from the UK would have to undergo, as of the withdrawal date, checks in Union border inspection posts (BIPs) at the point of entry into the EU.

For more details, stakeholders should consult the Commission preparedness notice on EU rules for food, feed and sanitary and phytosanitary controls.16

28. **In case of no deal, are these checks also necessary if these products come from another Member State, but transit through the United Kingdom?**

In case of no-deal, simplified border controls (limited to documentary checks, for instance) will apply to live animals and animal products coming from a Member State but transiting through the UK.

For more details, stakeholders should consult the Commission preparedness notice on EU rules for food, feed and sanitary and phytosanitary controls.17

29. **Does the Commission have flexibility when approving the necessary Border Inspection Posts for SPS checks and how fast will approvals take place?**

Certain flexibilities are provided for in the applicable EU legislation, e.g. accepting temporary premises for inspection rooms or sharing commercial facilities for the storage of consignments. In order to be ready by 30 March 2019, the new or extended border inspection posts must be proposed by the Member States to the European Commission before 15 February 2019.

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30. What are the health requirements for pets accompanying holders that visit the EU in case of no deal?

In case of no deal, the "EU pet passport" issued before the withdrawal date to a pet owner resident in the United Kingdom will no longer be valid as of withdrawal date. Travellers from the UK are advised to bear in mind that they might need a health certificate including a valid anti-rabies vaccination and a valid rabies antibody titration test.

For more details you should consult the Commission preparedness notice on travelling of 13 November 2018.\(^{18}\)

**Customs**

31. In case of no deal, will goods coming from the UK to the EU/EU to the UK be considered as imports/exports as of 30 March 2019?

As of 30 March 2019, goods which are brought into the customs territory of the European Union from the United Kingdom or are to be taken out of that territory for transport to the United Kingdom, are subject to customs supervision and may be subject to customs controls in accordance with the Union Customs Code. This implies inter alia that customs formalities apply, declarations have to be lodged and customs authorities may require guarantees for potential or existing customs debts.

For more details, stakeholders should consult the Commission preparedness notice on EU rules for customs and rules of origin.\(^{19}\)

32. Can I already apply for authorisations and access to customs IT systems or must I wait for 30 March 2019?

Economic operators may already in advance of the withdrawal date apply for authorisations and access to customs IT systems at the competent customs authority. That is in general the customs authority of the place where the applicant's main accounts are held. The authorisation, however, will only become applicable after the withdrawal date.


\(^{19}\) [https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#tradetaxud](https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#tradetaxud)
In particular, the Commission would like to draw the attention of those companies who were so far not involved in customs activities, but already trading with the United Kingdom as an EU Member States, on the importance of preparedness actions in advance of withdrawal date.

33. **In case of no deal, what will happen to goods which started their transport before withdrawal date, but which arrive in the EU/the UK after?**

In case of no deal, these goods will be considered non-Union goods when they are brought into the EU customs territory. The UK will decide on how to deal with the goods entering their territory after its withdrawal.

**Taxation**

34. **In case of no deal, will there be any tax refunds on goods I purchased in the United Kingdom and brought back to the European Union?**

In case of no deal, the UK will decide whether it will allow tax refunds for goods that are exported from its territory by EU citizens as of withdrawal date.

For more details, stakeholders should consult the Commission preparedness notice on indirect taxation,\(^\text{20}\) as well as the preparedness notice on travelling of 13 November 2018.\(^\text{21}\)

35. **What rules will apply to EU-UK trade in terms of VAT in case of no deal?**

In case of no deal, existing EU legislation with regard to VAT will continue to apply within the European Union. As of withdrawal date, the rules of the EU VAT Directives relating to third countries will apply in the relations with the UK.

This means that, in case of no deal, VAT will be due at the importation in the EU. Goods will be exempt from VAT if they are dispatched or transported to a destination outside the European Union, including, therefore, the UK.

\(^{20}\) [https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#tradetaxud](https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#tradetaxud)

For more details, stakeholders should consult the Commission preparedness notice on indirect taxation, as well as the preparedness notice on travelling of 13 November 2018.

36. **What about goods that started their transport before withdrawal date, and arrive in the EU/the UK after? Will I be taxed twice?**

If these goods are transported to the European Union, their importation will be subject to VAT (and they will not be taxed anymore as intra-EU acquisitions).

The UK will decide on how to tax imported goods as of the UK’s withdrawal.

**Climate change**

- **Greenhouse gases market mechanisms – ETS**

37. **In case of no deal, how will the functioning of the EU’s Emissions Trading Scheme (EU ETS) be affected?**

Measures guaranteeing the smooth functioning of the EU ETS and the EU carbon market in case of no deal were adopted in February 2018.

They will ensure that, in case of no deal, UK operators would have fully complied with their 2018 obligations as of withdrawal date, and the system can function without participation of the UK after that date.

38. **In case of no deal, will the UK be able to auction or issue allowances in the Emission Trading System?**

The Commission has decided to temporarily suspend, as of 1 January 2019, the acceptance of all relevant processes in the Union registry until the ratification process provides legal certainty on the participation of the UK in the EU ETS 2019 and 2020 compliance cycles. In other words, the UK will neither be able to auction nor issue for free any allowances or exchange international credits into allowances as of 1 January 2019 until the ratification

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instrument of a Withdrawal Agreement is notified to the Council's Secretary-General by the European Union and the UK.

Accounts in the Union Registry administered by the United Kingdom and accounts in the Kyoto Protocol registry of the United Kingdom will no longer be accessible as of the withdrawal date.

For more details, stakeholders should consult the Commission preparedness notice on EU climate policy.24

Application and entry into force of contingency measures

39. Will the contingency measures apply to Gibraltar?

As of the withdrawal of the United Kingdom, all applicable EU law will cease to apply to the UK and to Gibraltar. As a consequence, contingency measures addressing the United Kingdom will not apply to Gibraltar.

40. Why are the contingency measures different as regards their application in time?

The time limitations proposed for each and every contingency measure and/or proposal adopted today depend on the various situation of the sector concerned. For instance, regarding road transport, the time limitation takes into account the annual Council of the European Conference of European Ministers of Transport.

24 https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#clima