



# No-deal Brexit: Impact on the technology sector

1 September 2019

By: Kit Burden

While a range of outcomes, including [a departure under the terms of the current Withdrawal Agreement](#), remains possible, it is important for businesses to plan for a no-deal Brexit, in which the UK leaves the EU without a withdrawal agreement or other deal. Here we look at the potential impact of a no-deal Brexit on the technology sector.

As one Brexit deadline passes only to be replaced with another, and we continue grappling with the possibility of a no-deal crash out of the EU, it continues difficult to predict what the Brexit end game will be.

From one perspective, we could see a deal done on the basis of UK Prime Minister's, Theresa May, deal (at the fourth or even fifth time of asking), meaning no short term changes during a further transitional period, and the expectation of a more comprehensive trade deal being negotiated in the interim (which would need to address the requirements of the digital economy, and allow enough time for an "adequacy" determination to be made for data protection purposes). A softer Brexit (such as what has been described as "Common Market 2.0") would have even less impact as it would already pre-populate additional elements of what the UK and the EU's trading relationship would be.

We could of course still see no Brexit at all, or a longer term extension to allow yet more discussion and negotiation.

However, the result that business fears is no-deal. In such a scenario technology providers supplying goods and services between the UK and the EU would face the possibility of new tariffs and/or barriers to entry, to as yet unclear degrees. On a more practical basis, transfer of data from EU-based data processors to UK-based data controllers would no longer be permissible "as of right", and would instead need to be backed by EU mandated grounds for permissible data transfers (e.g. pursuant to Corporate Rules). Few companies will, we suspect, be fully prepared for this.

Do continue to check latest Brexit advice from the UK Government and the European Commission.

We of course continue to advise our technology clients on all of these issues, and more, since the date of the original referendum, and remain available to do so. In the first instance, please contact our Brexit champions, Richard Bonnar and Paul Hardy.

## AUTHORS



**Kit Burden**

Partner

London | T: +44 (0)20 7349 0296



[email protected]

---