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Brexit: Europe speaks

On 24 June 2016 the UK electorate had its say and decided to part company with the European Union. With two years to pass once Article 50 is triggered, the age of uncertainty is set to continue according to Crowe Horwath International, one of the largest accountancy networks in the world.

"The UK government's objectives at this time must be to protect UK business interests, calm and reassure the population as to the future direction of the UK, and to set out a vision for the future of this nation post EU," says **David Mellor, Chief Executive, UK.**

"It is my view that to achieve some of these things the government must be bold:

- Bold enough to create a tax system that will give simplicity and competitiveness in a world of complexity, and perhaps reward innovation and investment that may have been outlawed under EU laws.
- Bold enough to offer targeted financial support, to strategic industries and business of the future, and to encourage UK businesses of all sizes to aspire to meet the vision of the UK of the future.
- Bold enough to make the difficult decisions to ensure the UK (and UK business) has the IT and transport infrastructure that is world-beating and able to support the UK on its ambitious global vision for the future.
- Bold enough to articulate a vision of liberal capitalism, inclusiveness, and good neighbourliness to its EU neighbours that makes talent want to stay in the UK, or come to the UK, even more than it does today, with a fair and open immigration system that is not perceived as retrogressive or divisive."

European Leaders from the Crowe Horwath International network also react to the news, citing the potential impact on inbound investment and trading relationships for their respective countries:

Michael Jetter, Audit Partner, Germany:

"I regret the decision that Britain has taken. I believe, that this will have a considerable adverse impact on the political and economic development of Europe. What is also concerning is the export oriented firms of the 'German Mittelstand', who we believe will suffer from the structural changes that we will see as a consequence of the Brexit."

Gijs Veenenbos, Managing Partner, Netherlands:

"The vote for a Brexit has surprised us all. The UK and The Netherlands have had a strong economic and political relationship, but this could easily change given that the EU will want to make a clear statement that leaving will not be easy.

Following this decision, we expect European investment in the UK to be negatively influenced. As the Netherlands is particularly Anglo-Saxon orientated, I see a more prominent role for the Netherlands in cementing the future relationship between our countries. I am sure that the UK and the Netherlands will still work closely together.

But for now, it will be the politicians who will actually pave the future roadmap".

Naoise Cosgrove, Managing Partner, Ireland:

"As one of Ireland largest trading partners, the UK's decision to leave the EU creates significant uncertainty for Irish businesses in the short-term and may lead to a slow-down in economic activity.

In particular, Brexit is likely to have a considerable impact on trading relationships between Northern Ireland and the Republic of Ireland. Ireland enjoys a special relationship with the UK pre-dating the EU, with free trade and free movement of people between both countries.

It is important that the Brexit negotiations recognises and preserves this historical relationship.

While Brexit poses risks, there are also opportunities to strengthen economic activities between the UK and Ireland. In particular, given a common language and time zone, stable political environment and competitive tax regime, Ireland may offer an attractive location for UK companies to establish an EC presence from which to trade with other member states."

Monica Barzaghi, Business & Finance Leader, Italy:

"The macroeconomic scenario that is emerging for Italy, after the leaving of the UK from the European Union, is alarming.

There are four points that for us are particularly critical:

1. The estate of Public Debt: there is a risk that the European Central Bank will buy fewer Italian Government Bonds, dangerously increasing our SPREAD (the additional yield that could be earned from a bond which has a higher risk).
2. Exports to the UK may decrease as a result of an expected devaluation of the Pound (in recent years of crisis Italy increased significantly the share of exports to the UK).
3. Limitations of the free movement of goods and, above all, people (there are hundreds of thousands of Italians who have

chosen to live and work in UK cities, especially in the field of research and finance).

4. Volatility of financial markets, especially in the banking sector.

Not to mention, the possible contagion effect that could have Brexit in those EU countries where, dangerously, are coming forward nationalist and fundamentalist movements."

Carles Hernandez, Tax Consultant, Spain:

"Now is a difficult time to assess the extent of the Brexit decision and the impact that it will have on the investments carried out by UK companies and individuals in Spain.

We could see both restrictions and opportunities, depending on the outcome of the negotiations.

But regardless of these outcomes, Spanish legislation allows for plenty of tools to help avoid obstacles for cross-border transactions amongst the different member states, and for avoiding inequalities amongst locals and EU residents.

One of the key areas to consider is VAT, of which there are a bundle of rules under the EU directive. Once the UK withdraws, all transactions carried out with the UK could be deemed as imports."

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Start the conversation

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