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## **IMPACT OF BREXIT ON THE LEGAL SYSTEM IN THE UK (PARTICULARLY IN RELATION TO BUSINESS REGULATIONS)**

The main focus in this article is on the corporate and commercial regulation in England and the possible solutions eliminating any negative effects of the leaving the European Union. The aim of this paper is to highlight and analyze the consequences of Brexit for the legal system in the United Kingdom.

The aim of this paper is to analyze and prove the impact of Brexit on the legal system in the UK (particularly in relation to business regulations). To fulfill the aim of this project, the objectives are as follows: to provide an overview of the legal implications of Brexit; to formulate steps of formal termination the United Kingdom's membership of the European Union; to propose how to fill legal gaps and collisions after Brexit; to suggest steps of reintegration to the European legal system.

**Keywords:** Brexit, Commercial Law, Corporate Law, the European Union, referendum, impact.

### **Introduction and literature review**

Whilst the issue under discussion here is controversial, it is highly relevant to make an analysis at this particular time. Moreover, the field of commercial and corporate law presumes a high level of concern within British business society and function. In addition, the local government remains unsure of its exact plan about termination the UK's membership in the EU, which means that this topic has an immediate need<sup>1</sup>.

After World War II some European countries such as France, West Germany, Belgium, Italy, Luxembourg and the Netherlands decided to unite in the European Economic Community (EEC) and in 1957 were signed Treaties of Rome. Although the UK attempted to join the Community in 1963, this process was banned by France, which was the informal leader of union in 1960s (European Union, 2017). Finally, in 1973 the United Kingdom became a part of the EEC. However, in 1975 in Britain was held a referendum with the question whether the UK should remain the part of the Community or not. Eventually, 67% of citizens confirmed the status of the Kingdom as a part of the Community.

In 1992 the Maastricht Treaty was signed which integrated European nations politically and economically with the Single Market and a single currency (euro) and eventually changed the name of union to the European Community (EC). The Lisbon Treaty in 2007 continued to integrate nations in one body of the European Union by providing more power to the European Parliament and the European Commission. Moreover, the Single Market and unification of the legislation provided opportunities for the economical increase.

However, eventually, such problems as migrant's crisis and an increase in taxes were emerged and began the main reasons of negotiations about the UK-EU relationship where David Cameron (former British PM) insisted on enlargement of the UK's economic independence within the EU. However, British demands were not satisfied and eventually 23 June 2016 was set as the date of the referendum. The question was "should the United Kingdom remain a member of the European Union or leave the European Union?". 51.9% of the participating electorate voted for the UK's leaving from the EU whereas 48.1% of voters wanted to remain within the Union<sup>2</sup>.

Eventually, 29 March 2017 Theresa May (the current Prime Minister) officially informed the representatives of the EU about the UK's decision to leave the Union thus started the official two-year

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<sup>1</sup> Begg, I. (2017). The gaffe that keeps on taking: how to break the deadlock over Britain's EU divorce bill. *LSE Brexit. Blog Entry* <<http://eprints.lse.ac.uk/85567>> (2017, February, 08).

<sup>2</sup> Hunt, A., Wheeler, B. (2018) Brexit: All you need to know about the UK leaving the EU. *BBC News*. <<http://www.bbc.co.uk/news/uk-politics-32810887>> (2018, February, 28).

countdown for Brexit process. As it stands, the UK has a period of time to prepare economically and legally for leaving the Union.

Barnard and Peers<sup>1</sup> define European Union law “...as a system of regulations operating within the member states of the European Union...”. EU law may be divided into primary and secondary legislation. All treaties from Treaty of Paris in 1951 to Lisbon treaty in 2007 are primary legislation and the basis for all structure of the EU. Furthermore, these treaties determine the principles and objectives of the EU, which are the ground for regulations, directives and decisions (secondary legislation). The analysis of regulations and acts issued by the EU bodies (the European Parliament, the European Council, the European Commission) allow an opportunity to understand the concept of the EU legal system and “... how the UK can move forward in its attempts to square the circle of restricting free movement while at the same time retaining unrestricted access to the single market...”<sup>2</sup>.

Berwin<sup>3</sup> provides an excellent overview of the EU business law and the impact of regulations on competition rules within the single European market. Moreover, in spite of the fact that most acts were signed in 1992, business norms in these documents have not been cancelled or changed and still regulate all trade issues in the EU. For instance, Maastricht Treaty in 1992 and connected secondary legislation determined Euro as a single currency within the EU and also eliminated boundaries by creating the Single Market. Gee and Rubini<sup>4</sup> also evaluate the advantages of the Maastricht Treaty (such as single internal market, freedom of labour market and competition, free movement of goods). Moreover, authors provide comparison between written law in Europe and common (or case) law in the UK and attempt to predict the route of relations’ development between Britain and the EU (on the example of bilateral arrangement).

Lawyers from the international law firm Bird & Bird suggest their own plan (the Tracker) to deal with gradual changes in the UK’s legal system<sup>5</sup>. Moreover, they describe most spheres of law and business with estimated deadlines. Lawyers claim that Brexit may not affect Commercial law because contracts are based on the commercial bargain between the parties. However, the Tracker does not include the latest updates made by the Great Repeal Bill (European Union (Withdrawal) Bill 2017-19). Moreover, plan does not cover impact of changes in law on the all types of contracts (between parties of agreement) arising out of Brexit.

Hillman and Horlick<sup>6</sup> claim that Brexit was a wrong decision and it will have negative consequences. The main problem will be emerged in international investments’ market, which plays a crucial part in the UK’s economy. For instance, overseas companies contributed to local economy at least 36% of the total turnover in 2016. It can be argued that the UK’s decision to leave the EU’s single market and the customs union will be followed by a decrease of investments in local economy. Moreover, it is argued that the UK’s economy will be significantly decreased because of investors’ uncertainty and considerable changes in the legal system.

Legal experts from Osborne Clark law firm<sup>7</sup> claim that Brexit may not affect Commercial (Contract) and Corporate Law. The main reason is that Commercial Law (the rules that govern the conclusion of contracts, contract terms, the rights and obligations) can be found in English common law. On the other hand, few particular EU’s directives directly regulate some specific spheres of Contract Law (such as Commercial Agents Act). Overall, Brexit will affect terms of contracts in Britain. For instance, territorial restrictions would assume that agreements signed before Brexit can not be distributed on the territory of non-member of the EU (the UK). In addition, some current contracts include references to specific EU legislation, which will not work in the UK after leaving the EU.

<sup>1</sup> Barnard, C., Peers, S. (2017). *European Union Law*. Oxford: Sage, 27.

<sup>2</sup> Barnard, C., Peers, S. (2017). *European Union Law*. Oxford: Sage, 28.

<sup>3</sup> Berwin, S. (1992). *Competition and Business Regulation in the Single Market (European business guides)*. London: Mercury Business Books, 10.

<sup>4</sup> Gee, G., Rubini, L. (2018) Leaving the EU? The Legal Impact of Brexit on the United Kingdom. *Birmingham Law School: University of Birmingham*. <<https://www.birmingham.ac.uk>> (2018, February, 06).

<sup>5</sup> Bird & Bird (2018) *Brexit: Legal Process & Future UK/EU Relationship*. <<https://www.twobirds.com/en/hot-topics/brexit>> (2018, February, 05).

<sup>6</sup> Hillman, J., Horlick, G. (2017). *Legal Aspects of Brexit: Implications of the United Kingdom’s Decision to Withdraw from the European Union*. London: Institute of International Economic Law, 8.

<sup>7</sup> Thody, N., Gwynedd-Jones, V. (2017) How might Brexit impact your commercial contracts and what, if anything, can you do about it? *Lexology*. <<https://www.lexology.com/library/detail.aspx?g=57503845-4a55-42a8-88e6-153308c77968>> (2018, February, 05).

Experts from the international law firm Herbert Smith Freehills<sup>1</sup> issued the Legal guide for business with the relevant legal advice in different spheres of law. Solicitors state that Brexit will not have immediate and direct impact on Commercial Law. Moreover, they provide necessary solutions to solve legal issues in the UK after leaving the EU. Inevitably Britain has own legal system, however, some local regulations such as few chapters of the Companies Act 2006 and connected secondary legislation were directly derived from the EU's legal norms. The Legal guide may be extremely important for understanding how to fill legal gaps and to eliminate collisions in the British law after Brexit because it contains precise steps for the British government of reintegration to the European legal system after Brexit.

Alexander and Barnar<sup>2</sup> observe the legal implications of Brexit particularly for business regulations. Experts prove that the political and financial separation of the UK and the EU will extremely affect the British legal system because last fifty years local legislation was in process of unification and harmonization with the EU law. Furthermore, research suggests a plan of a new interaction between Britain and Eurozone. However, it does not precisely distinguish Commercial, Contract or Corporate Law and use the term Law for financial services.

### Methods and sampling

DeGroot, Fienberg and Kadane<sup>3</sup> claim that legal research "...is a process which looks for identifying and retrieving what is needed for supporting legal decision-making". Thus this definition confirm the idea of some City law firms (Bird & Bird, Herbert Smith Freehills) that the decision to leave the EU should have been made after a thorough research of possible consequences on the British legal system and economy.

The research paper in law does not require a large number or variety of methods. However, it requires a precise use of methodology to acquire appropriate results. Legal research and writing (legal methods) vary depending on different types of writing, which are writing in law (as a judge or a lawyer) and writing about law (articles or books)<sup>4</sup>. The follow methodological approaches in writing about law will be used: method of description and method of evaluation (analytical).

Descriptive method merely attempts to describe the phenomenon, crucial features and characteristics<sup>5</sup>. On the other hand, it is the main drawback of this method because it does not allow to research causes (reasons) of phenomenon and, consequently, can not suggest or find any solutions to a problem. At the same time, the method of evaluation (analytical) allows to make an analysis and find causes or solutions of a problem. Eventually, in the next chapters the investigated phenomenon will be described and then critically evaluated.

Sampling or sampling method is a crucial tool in every research paper. It is no doubt true that studying (researching) the whole sphere of science is a difficult task indeed. The main goal of sampling is to limit (to determine boundaries) for research project in order to use achieved results for generalization. For instance, from the total population researcher selects a group of people and then use received results to describe the entire phenomenon.

According to Kish<sup>6</sup>, "...sample design has two aspects: a selection process – the rules and operations by which some members of the population are included in the sample; and an estimation process (or estimator) for computing the sample statistics which are sample estimates of population values".

This research paper has own "universe" the British legal system, which consists of the legal system of England, Wales, Scotland and the Northern Ireland. Thus this project researches the legal system in England. Furthermore, particular business regulations and the effect of Brexit on them are sampling units of the paper. However, even business regulations are too broad thus in this project will be discussed the Companies Act 2006 and connected secondary legislation (Corporate law) and the Sale of Goods Act 1979 (Commercial law).

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<sup>1</sup> Smith, H. (2018) Brexit: Charting a new course. Legal guide. *Herbert Smith Freehills LLP* <<https://www.herbertsmithfreehills.com/latest-thinking/brexit-contracts>> (2018, February, 07).

<sup>2</sup> Alexander, K., Barnard, C. (2018.) *Brexit and Financial Services. Law and Policy*. London: Hart Publishing, 10.

<sup>3</sup> DeGroot, M., Fienberg, S. and Kadane, J. (1994). *Statistics and the Law*. New York: Wiley, 25-26.

<sup>4</sup> Van Hoecke, M. (2000). *Methodologies of Legal Research – Which Kind of Method for What Kind of Discipline?* Oxford: Hart Publishing, 13.

<sup>5</sup> Vibhute, K., Aynalem, F. (2009). *Legal Research Methods*. Oxford: Sage, 35.

<sup>6</sup> Kish, L. (1965). *Survey Sampling*. New York: John Wiley & Sons, Inc., 26.

### Findings and discussion

On 29 March 2017, the UK Government issued formal note under Article 50 of The Treaty on European Union (“...any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements...”) to terminate the UK’s membership of the EU (following the June 2016 UK referendum on the EU membership). Based on Article 50, the process of leaving the EU will be accomplished in March 2019. Due to this act, the EU law norms will cease to be automatically incorporated in the English law system. However, the current EU regulations will remain the part of the local legislation but could be reconsidered by the Government and Parliament.

The EU legislation has a few main types such as treaties, agreements (so called primary law acts, which are signing at the EU Member State’s level) and directives or regulations (so called secondary law acts, which are issuing by the EU bodies and have direct legal effect to all Members of the EU). The main purpose of the primary legislation is to determine common principles and objectives whereas the secondary law is based on them. At the same time, the main goal of the secondary law is unification and harmonization, which mean eliminating collisions between national legal systems<sup>1</sup>.

After Brexit, the UK will no longer implement the norms of the EU law thus the new regulatory regime may emerge. Moreover, principles of the Single Market, free movement of goods, people and capital will cease to work on the territory of Britain. However, whereas, already implemented the EU norms will still have the legal force in the UK, local legislative bodies will have an option to change them.

Alexander and Barnard<sup>2</sup> argue that English Commercial Law is the most popular in the world for international contracts. The main reason is a legacy of the British Empire and East India Company, which united 25% of the population all over the world. Moreover, the British legal system is a paragon for principles of justice and independence of the judiciary. Statistics show<sup>3</sup> that half of cases in HM Courts and the London Court of International Arbitration in 2016 were entirely between foreign parties (companies registered outside of the UK). Thus the stability of the English legal system is a crucial and essential part of economic development in many countries.

In general, commercial relations in England are derived from the common law. The statutory intervention is limited and in general relations are regulated by the Sale of Goods Act 1979 which is a good example of domestic legislation thus it will not be affected by Brexit at all<sup>4</sup>. Moreover, this Act is only a foundation for the legal framework of commercial relations because they are based mainly on the commercial bargain between the parties.

The Sale of Goods Act 1979 is an Act of the Parliament of the United Kingdom, which regulates contract law, in particularly relations between parties about sold and bought goods. Although there were few amendments to the Act, it is still currently in force. However, Consumer Rights Act 2015 replaced the part of Act about consumer contracts in 2015.

Beside described, there does exist a legislative uncertainty (concern) about discussing issues. The main document about the legal leaving of the EU (the European Union (Withdrawal) Bill) is still just a Bill<sup>5</sup>. The current draft of the Bill implements a new term “EU-derived domestic legislation” (for instance, Commercial Agents (Council Directive) Regulations 1993) and states that these documents will remain a part of the British legal system. According to that, described types of legal acts may be vulnerable for amendments in the future.

Moreover, in spite of the fact that the Sale of Goods Act 1979 is a product of domestic legislation, there could be problems connected with the termination of the Single Market between the UK and the EU, which may make the contract enforcement more difficult. Firstly, either England, either the EU may determine trade barriers (taxes) between countries what inevitably will affect prices of goods. In addition, the emerged custom border between the UK and the Union will require custom checks, which, eventually, may cause delays. Secondly, the free movement of people might be restricted. For instance, current

<sup>1</sup> Barnard, C., Peers, S. (2017). *European Union Law*. Oxford: Sage, 35.

<sup>2</sup> Alexander, K., Barnard, C. (2018.) *Brexit and Financial Services. Law and Policy*. London: Hart Publishing, 12.

<sup>3</sup> QLTSchool (2016) *Why English Law Governs Most International Commercial Contracts*. <<http://www.qlts.com/blog/english-law/why-english-law-governs-most-international-commercial-contracts>> (2018, April, 01).

<sup>4</sup> Bird & Bird (2018) *Brexit: Legal Process & Future UK/EU Relationship*. <<https://www.twobirds.com/en/hot-topics/brexit>> (2018, February, 05).

<sup>5</sup> European Union (Withdrawal) Bill 2017-19. *The official website of Parliament of the UK*. <<https://services.parliament.uk/bills/2017-19/europeanunionwithdrawal.html>> (2018, February, 05).

Government already signed an agreement with the EU about the EU citizens in the UK and their status, which will require a visa in the future<sup>1</sup>. In addition, such restrictions can cause an increase on costs of labour or an increase of an unemployment rate. Furthermore, absence of the Single Market will allow local governments to determine regulatory regimes for England as a non-EU country on their territory thus the parallel regulation (for instance, double taxation) may emerge.

The crucial part of every contract is a reference to specific legislation<sup>2</sup>. According to that, all commercial contracts, where territory of operation is both the UK and the EU, have references to specific EU legislation (regulations and directives). Due to Brexit process the legal force of such documents will be ceased, therefore, parties of contracts are obliged to reconsider their agreements. Furthermore, the movement of goods within the EU is connected to the EU standards, which are determined by the EU regulatory bodies. In this case, the legal force of the standards will be collapsed as well thus businesses are advised to clarify their contracts before Brexit. Eventually, all commercial contracts should be reconsidered before Brexit in order to include provisions about force majeure (consequences of Brexit) and to eliminate risks connected with new legal regulations<sup>3</sup>. According to Kon and Brown<sup>4</sup>, pre-Brexit contracts should include a new chapter Impossibility. It implies to a case when some event occurs and “...makes it physically or commercially impossible to fulfill the contract”.

In addition, clarity of contracts became more crucial in England because local courts took a stricter approach to interpretation. The Supreme Court in *Arnold v Britton and Marks & Spencer Plc v BNP Paribas Securities Services Trust Company (Jersey) Limited* and another “...emphasised the importance of the language of the contract and warned that the mere fact that a contractual arrangement, if interpreted according to its natural language, has worked out badly, or even disastrously, is not a reason for departing from the natural language”<sup>5</sup>. This approach implies that companies should reconsider all their contracts thoroughly before the UK will officially leave the European Union.

The majority of the British Corporate Law is a product of domestic legislation. In general, the Companies Act 2006 regulates corporate relations in England, which is a core legal document for the UK company law. Some parts of the Act are directly implemented from the EU directives such as part 9 Exercise of members’ rights, 15 Accounts and reports and part 22 Information about interests in a company’s shares. As already have been mentioned, these norms will remain the part of the UK law but with reservation that the Government or Parliament may reconsider them<sup>6</sup>.

Companies House (the Department of the British Government) shows<sup>7</sup> that almost half of all European headquarters of the EU firms are located in England particularly in London and Manchester. Eventually, Brexit may significantly affect the EU companies in England but not the domestic firms in Britain. Therefore, a legislative uncertainty about the future relations between the UK and the EU, existence of the Single Market and free movement of people may lead to relocation of the EU companies in other EU country. For instance, fifth of firms in the City (London) will move their offices to Dublin and Frankfurt<sup>8</sup>.

According to the current UK Corporate Law, all companies with the British registration are subject to the UK jurisdiction (so called “incorporation theory”). This theory determines that the place (country) of company’s incorporation is crucial for questions regarding taxation and state control. Therefore, a firm can have an activity in different countries but the country of its registration establishes the legal regime.

<sup>1</sup> Gov.uk (2016) *UK nationals in the EU: Essential Information. Guidance* <<https://www.gov.uk/guidance/advice-for-british-nationals-travelling-and-living-in-europe>> (2018, April, 01).

<sup>2</sup> Thody, N., Gwynedd-Jones, V. (2017) How might Brexit impact your commercial contracts and what, if anything, can you do about it? *Lexology*. <<https://www.lexology.com/library/detail.aspx?g=57503845-4a55-42a8-88e6-153308c77968>> (2018, February, 05).

<sup>3</sup> Bird & Bird (2018) *Brexit: Legal Process & Future UK/EU Relationship*. <<https://www.twobirds.com/en/hot-topics/brexit>> (2018, February, 05).

<sup>4</sup> Kon, G., Brown, L. (2017). Brexit and commercial contracts. Assessing the impact. *PLC Magazine*, 3, 05, 23.

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<sup>6</sup> Bird & Bird (2018) *Brexit: Legal Process & Future UK/EU Relationship*. <<https://www.twobirds.com/en/hot-topics/brexit>> (2018, February, 05).

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<sup>8</sup> Burton, L. (2017) City to lose 10,500 jobs by Brexit as fifth of firms flag relocation plans. *The Telegraph*. <<https://www.telegraph.co.uk/business/2017/12/11/city-lose-10500-jobs-brexit-fifth-firms-flag-relocation-plans>> (2018, April, 05).

This theory is popular within European countries such as Czech Republic, Slovakia, the Netherlands, Sweden, Denmark, Finland, Norway, Switzerland Italy and Hungary. In addition, some countries such as Slovenia, Spain, France, Austria, Belgium, Germany, Luxembourg, Portugal and Romania use “...the seat theory – also referred to as the “real seat” theory- relates the legal regime of a company to the jurisdiction from where it will actually be directed”<sup>1</sup>. It means that a company should pay taxes and fulfill all legal requirements of a country where a business activity is de facto undertaken.

In general, these two theories are using widespread within the EU and some State Members attempt to unite them in one legal regime. However, the EU law determines a condition how and where mentioned legal regimes can work. The EU treaties implement “the protection of the EU freedom of establishment”<sup>2</sup> which means that all companies incorporated within the territory of the EU may choose the Member State where taxes and state fees will be paid and legal requirements fully executed. Eventually, the UK will leave the Single Market of the EU and thus the UK companies will not have such privileges and rights.

It is no doubt true that, according to the current draft of the European Union (Withdrawal) Bill, the UK companies in the EU Member States may be affected after Brexit<sup>3</sup>. For instance, the EU law will implement the new legal status for such companies (“third country companies”) what means that such firms will be considered in relations with the EU companies as a foreign corporation. Therefore, “UK companies will be exposed to national laws in the EU States after the Treaty freedom of establishment will not further apply”<sup>4</sup>. Thus this regulation will determine new requirements and obligations for the UK incorporated companies (taxation, special permits for working and licensing).

Moreover, British firms with branches in different EU countries will not have the same regulatory regime because it will depend on the Government agreements between the UK and the EU State (so called bilateral agreements). In addition, the international development of the British corporations such as Tesco and Poundland on the territory of the EU Member States may be fully eliminated because the UK commerce will be subject to the local antimonopoly policy. It implies that the government of a EU country may refuse the establishment of the British company in order to protect a local market and local firms. Thus, in order to comply the balance between the jurisdiction of incorporation and the jurisdiction of activity, the UK companies may use subsidiaries – local companies that are established in the jurisdiction of activity. This decision might eliminate the conflict of interests between the jurisdiction of incorporation and “the real seat”<sup>5</sup>. All mentioned obstacles might significantly complicate an access to European markets for the British companies what is the main concern about the decision to leave the EU.

Back to the UK, the form of company as a European Company (Societas Europaea) will not be available for incorporation in England. Despite mentioned changes, a legal framework for the operation of the EU capital markets may be altered as well because the principles of this sphere (obligations of disclosure and transparency) are founded in the EU regulations<sup>6</sup>.

However, not only status and its regulation will be a complex issue for the British businesses. The other question is a court’s jurisdiction. In general, English courts (their status) and a civil procedure are regulated by English common law and are not affected the EU law. The main principle of English courts states that parties of a process can choose the jurisdiction under English common law even if the object of dispute is not in England. This rule made the British court system the most trustable in Europe and allowed to be a center for “...independence and expertise of the judiciary, the speed and flexibility of proceedings...”<sup>7</sup>. On the other hand, the civil judgment within the Union is regulated by Council

<sup>1</sup> Hillman, J., Horlick, G. (2017). *Legal Aspects of Brexit: Implications of the United Kingdom’s Decision to Withdraw from the European Union*. London: Institute of International Economic Law, 27.

<sup>2</sup> Barnard, C., Peers, S. (2017). *European Union Law*. Oxford: Sage, 30.

<sup>3</sup> . The official website of Parliament of the UK (2017) *European Union (Withdrawal) Bill* <<https://services.parliament.uk/bills/2017-19/europeanunionwithdrawal.html>> (2018, February, 05).

<sup>4</sup> Gee, G., Rubini, L., (2018) Leaving the EU? The Legal Impact of Brexit on the United Kingdom. *Birmingham Law School: University of Birmingham*. <<https://www.birmingham.ac.uk>> (2018, February, 06).

<sup>5</sup> Hunt, A., Wheeler, B. (2018) Brexit: All you need to know about the UK leaving the EU. *BBC News*. <<http://www.bbc.co.uk/news/uk-politics-32810887>> (2018, February, 28).

<sup>6</sup> The official website of European Union (2018) *A peaceful Europe – the beginnings of cooperation*. <[https://europa.eu/european-union/about-eu/history/1945-1959\\_en](https://europa.eu/european-union/about-eu/history/1945-1959_en)> (2018, February, 17).

<sup>7</sup> Smith, H. (2018) *Brexit: Charting a new course. Legal guide*. <<https://www.herbertsmithfreehills.com/latest-thinking/brexit-contracts>> (2018, February, 07).

Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters or so called Brussels Regulation<sup>1</sup> which also allows parties to choose the jurisdiction of any Member State but within the EU. Thus, after Brexit the UK will not be a member the EU and, therefore, under Brussels Regulation national courts of the EU Member States can legally forbid to choose the jurisdiction of English courts. This situation can dramatically restrict rights of businesses such as an open access to justice and competitiveness in legal proceedings and, eventually, it is a subject to the British governments' negotiations with the EU.

Despite all complicated issues connected with legal regulations, the UK's government and the British companies still have time (transitory period) till March 2019, which may be even extended. However, it is difficult to predict the future issues and decisions after Brexit because they will depend on bilateral agreements between the UK and EU Member States.

### Conclusion

Overall, business regulations in England include Commercial part and Corporate part. Therefore, these parts of the legal system are regulated by the Companies Act 2006 and the Sale of Goods Act 1979 respectively and secondary legislation. It is notable that these Acts are a product of domestic legislation thus will not be affected by the UK's decision to leave the Union.

Although at first sight it looks that Brexit will not have any impact on business relations in England, the deep research which was made shows another situation. The most striking feature of the Brexit process is that the UK still does not have a legal document, which will solve all legislative issues. There does exist the European Union (Withdrawal) Bill, which is currently merely a bill.

Moreover, for the last fifty years Britain was a part of the EU legislative process, which attempts to unify and harmonise the legal systems of the EU Member States. Therefore, some EU norms are already implemented and are a part of the UK's legal system. On the other hand, the crucial feature of the British legal regulation is the use of English common law as it basis in the most spheres. Thus, in particularly business regulations within the British parties will not be affected by Brexit.

However, all mentioned law experts have concerns regarding business relations within the Union Member States. The conducted analysis shows that all commercial contracts, which are signed between English and the EU contractors, have to be reconsidered in order to clarify the terms and conditions. The reason for these actions is the Britain's decision to leave the EU and, therefore, the Single Market. Basic Treaties signed by all Union's countries determine the most important principles such as free movement of goods, people and the protection of the EU freedom of establishment. After Brexit the UK will lose all rights and privileges as a member of the EU.

Furthermore, Brexit will have impact not only on contracts with international parties indeed but it will considerably affect regulations connected with the UK incorporated companies' status within the EU as well. After March 2019 all UK firms (also branches) on the territory of the Union will be considered as third country' companies what may require additional legal procedures and taxes increase. In addition, all benefits connected with the EU fundamental principles will be eliminated.

To sum up, it is difficult to predict all legal consequences for the private sector in England after Brexit. Moreover, all solutions regarding legislative changes and attempts to reintegrate the UK legal system into the EU legal field are subject to the British government' negotiations and agreements with national authorities of each member of the Union which will require permanent and consecutive work of lawyers and the Government in this direction.

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<sup>1</sup> Eur-lex (2000). *Council Regulation on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters* <<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32001R0044>> (2018, April, 10).

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