United Kingdom

UK Government announces significant changes to the Tier 2 skilled visa category

Executive summary
The UK Government has announced details of how it will implement the Migration Advisory Committee’s (“MAC’s”) recommendations on changes to the Tier 2 skilled visa category. One of the most significant changes is the introduction of a minimum salary threshold of £41,500 for the vast majority of Tier 2 (Intra-Company Transfer) visa applications from April 2017. There are also changes to the Tier 2 (General) minimum salary amounts and a phased closing of the Skills Transfer and Short Term visa categories.

The majority of these changes will be introduced in April 2017, with some transitional changes occurring in Autumn 2016.

Further details
Tier 2 (General)
- The Home Office will increase the Tier 2 (General) minimum salary threshold to £25,000 in autumn 2016, and £30,000 in April 2017 for experienced workers, whilst maintaining the current threshold of £20,800 for new entrants.
- The Home Office will weight overseas graduates more heavily in the Tier 2 (General) limit and enable graduates to switch roles within a company once they have secured a permanent role at the end of their training programme.
- The Home Office will waive the Resident Labour Market Test and give extra weighting within the Tier 2 (General) limit where the allocation of places is associated with the relocation of a high-value business to the UK or, potentially, supports an inward investment.
- Nurses, medical radiographers, paramedics and teachers in mathematics, physics, chemistry, computer science and Mandarin, will be exempt from the new salary threshold until 2019.
- Nurses will remain on the Shortage Occupation List but employers will need to carry out a Resident Labour Market Test before recruiting a non-EEA nurse.
- The Home Office will not implement the MAC’s recommendations that students switching from Tier 4 to Tier 2 should be included in the annual limit and be subject to the Resident Labour Market Test.

Tier 2 (Intra-Company Transfer (ICT))
- The Home Office will simplify the visa system for both applicants and sponsors by requiring all intra-company transferees (except graduate trainees) to qualify under a single route with a minimum salary threshold of £41,500. By April 2017, the Home Office will have closed the Skills Transfer and Short Term visa categories to new applications.
- There will continue to be a separate ICT category for graduate trainees, with a lower salary threshold of £23,000 and an increased limit of 20 places per company per year, rather than 5 places as at present.
- The high earners’ threshold will be lowered from £155,300 to £120,000 for transferees looking to
stay in the UK for between five and nine years.
► The one year experience requirement for transferees paid over £73,900 will be removed.
► The Home Office will require all transferees to pay the Immigration Health Surcharge and review the use of allowances.
► There will be no implementation of the MAC’s recommendations that Intra-Company Transferees should be required to have worked for their company for 2 years, rather than 12 months, or that transferees working on third party contracts should be restricted to a separate category.

Across both Tier 2 routes
► The Immigration Skills Charge will be levied on Tier 2 employers at a rate of £1,000 per person per year from April 2017. A reduced rate of £364 per person per year will apply to small and charitable sponsors. PhD roles, Tier 2 (Intra-Company Transfer) Graduate Trainees, and Tier 4 to Tier 2 switchers will be exempt.
► The transitional arrangements for workers sponsored at NQF levels 3 and 4 will be closed over the next two years.
► The Immigration Rules for work categories will be simplified, making them easier for sponsors and applicants to understand.

Next steps
Employers and applicants should start to consider how these changes will affect their use of the Tier 2 category. In particular, employers moving assignees with a salary of less than £41,500 to the UK may need to make more frequent use of the Tier 2 (General) scheme, which will in turn increase the likelihood of their annual limit on migration being exceeded.

EY will publish further analysis of these changes as and when additional details are announced.