

## Following the Migration Advisory Committee's January recommendations regarding the Government's proposals to restrict Tier 2 of the Points Based System, the Home Office has now announced the changes that will be implemented across Tier 2.

Compared to the initial radical proposals put forward by the Government to restrict Tier 2 last summer, the Home Office's response is less dramatic than we had anticipated. Employers can take some comfort from the fact that concerns voiced during last year's consultation exercises were largely listened to. Confirmation that Tier 4 students eligible to switch into Tier 2 following graduation from a UK university will continue to be exempt from the Resident Labour Market Test and not subject to a limit on numbers will be particularly welcomed – the Home Office has acknowledged the importance of attracting international students looking to undertake skilled work in the UK after their studies. In addition, the Home Office has confirmed that the minimum service requirement for Tier 2 (ICT) will not be increased from 12 to 24 months and the ability of Tier 2 dependants to take employment in the UK will not be affected.

The more problematic changes being introduced are those focused on making it more expensive for employers to sponsor skilled staff, which the MAC has indicated is the single most effective means of restricting Tier 2 to the most highly skilled and highly paid non-EEA migrant workers. Many employers will be affected by the closure of the Tier 2 (ICT) Skills Transfer and Short Term visa by April 2017, thereby requiring all intra-company transferees (with the exception of graduate trainees) to qualify under a single visa category with a minimum salary threshold of £41,500 as well as an "Immigration Skills Charge" for Tier 2 employers at a rate of £1,000 per person per year from April 2017 (with limited exceptions and a lower rate of £364 for smaller businesses and charities).

The key changes and their timings can be summarised as follows:

### From Autumn 2016

- Increase in the Tier 2 (General) threshold to £25,000 for experienced workers, maintaining the minimum threshold of £20,800 for new entrants.
- Increase in the salary threshold to £30,000 for the Tier 2 (ICT) Short Term category.

- Introduction of exemptions from the increased Tier 2 (General) experienced threshold for nurses, medical radiographers, paramedics and secondary school teachers in mathematics, physics, chemistry, computer science and Mandarin. The exemption will end in July 2019.
- Reduction in the salary requirement for the Tier 2 (Graduate Trainee) category from £24,800 to £23,000 and increase the number of places available to companies from five to 20 per year.
- Closure of the Tier 2 (ICT) Skills Transfer category to new applications.
- Weighting overseas graduates more heavily in the Tier 2 (General) monthly allocation rounds.
- Enabling graduates to switch roles once they secure a permanent job.
- Removal of the exemption from the Immigration Health Surcharge for the Tier 2 (ICT) category.

### From April 2017

- Increase in the Tier 2 (General) threshold to £30,000 for experienced workers.
- Closure of the Tier 2 (ICT) Short Term category to new applications.
- Introduction of the Immigration Skills Charge (as detailed above).
- Reduction in the high-earners' salary threshold for Long-Term ICTs from £155,300 to £120,000.
- Removal of the one year experience requirement in the Long-Term category where the applicant is earning over £73,900.
- Introduction of a waiver for the Resident Labour Market Test and prioritisation of Tier 2 (General) places where the visa grant(s) are in support of the relocation of a high-value business to the UK or, potentially, an inward investment project.
- Implementation of any recommendations as a result of the review of allowances under the Tier 2 (ICT) categories.

### Contact

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