

Business Immigration Update: Changes to the Immigration Rules Announced Today – Tier 2 of the Points Based System

Further to our [update](#) in March, the Government has today announced that the following changes to the Immigration Rules will come into force on 24 November 2016:

- Increase in the minimum salary threshold for Tier 2 General to £25,000, whilst the current threshold for “new entrants” will remain at £20,800. Certain public sector occupations will also be exempt from this higher threshold until July 2019.
- Increase in the minimum salary threshold for Tier 2 ICT Short Term Staff to £30,000.
- Closure of the Tier 2 ICT Skills Transfer category.
- The minimum salary threshold for the Tier 2 ICT Graduate Trainee category will be reduced from £24,800 to £23,000. In addition, the number of graduates an employer may sponsor under this category will increase from 5 to 20 per year.
- UK graduates who have returned overseas will be weighted more heavily in the monthly allocation rounds under the Tier 2 Restricted CoS limit. The current exemption from the Resident Labour Market Test for graduates applying from within the UK will remain.
- Graduates sponsored under graduate training programmes in the UK will be able to change occupation during or at the end of their programme without their sponsor having to first complete the Resident Labour Market Test or the individual having to make a fresh application.

Contrary to what was announced by the Government in March, there will be no removal of the current exemption from the Immigration Health Surcharge for Tier 2 ICT at this time.

These changes are reflective of the Government’s response to the Migration Advisory Committee’s comprehensive review of Tier 2. The Government appears to remain intent on continuing with its aim of reducing net migration using the reform of Tier 2 (amongst other reforms) as a medium for achieving this. In this regard, the following additional changes, also announced by the Government back in March, continue to be anticipated for April 2017:

- The minimum salary threshold for Tier 2 General will increase to £30,000, again with the lower threshold for new entrants staying at £20,800 and exemptions for certain occupations remaining in force until July 2019.
- Closure of the Tier 2 ICT Short Term Staff category, leaving a single intra-company transfer category for “senior managers and specialists” with a minimum salary threshold of £41,500. The Tier 2 ICT Graduate Trainee category will however remain.
- Reduction of the high-earner salary threshold for intra-company transferees working in the UK for between five and nine years from £155,300 to £120,000.

- Removal of the one year’s prior overseas experience requirement for intra-company transferees who will be paid £73,900 or more.
- Introduction of the Immigration Skills Charge of £1,000 per Certificate of Sponsorship per year, with a reduced rate of £364 applying to small and charitable sponsors. Exemptions will also apply to PhD level occupations, the Tier 2 ICT Graduate Trainee category and Tier 4 Students switching into Tier 2 General.
- Extra weighting within the Tier 2 General restricted CoS limit will be given where the allocation of places is associated with the relocation of a “high value business” to the UK or, potentially, where it supports an inward investment. An exception to the Resident Labour Market Test will also apply to these applications. Further details on these proposals are not yet known.

The general theme therefore continues to be the aim of reducing sponsors’ use of Tier 2 by increasing the cost, and by restricting the use of Tier 2 ICT to higher earning “senior managers and specialists” via one single route (but with a separate category for lower paid graduate trainees still remaining). No further detail has been released of how the Immigration Skills Charge will be used in practice, other than that it is envisaged that it will “*incentivise employers to reduce their reliance on migrant workers and to invest in training and up-skilling UK workers*”. It is also anticipated that the current mechanism and usage of the Resident Labour Market Test may be the next focus for consultation and reform. See our recent [Immigration Update](#) on the Employment Law Worldview blog.

We will be discussing these changes in more depth at our forthcoming [business immigration breakfast seminar](#) on 23 November.

If you have any questions relating to these forthcoming changes please contact one of the lawyers listed below.

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