

One Minute Memo®



UK Government to Implement Immigration Skills Charge

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Seyfarth Synopsis: The UK government will introduce an “Immigration Skills Charge” in April 2017 that will substantially increase the cost for companies to sponsor Tier 2 workers in the UK.

The following alert is directed to organizations with a presence in the UK or who anticipate the need to place talent at a UK work site.

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UK Immigration: Introduction of Skills Charge

The Home Office confirmed that the “Immigration Skills Charge” will come into force, subject to parliamentary approval, on April 6, 2017. The additional charge will significantly increase the cost for companies to sponsor non-European Economic Area (“EEA”) nationals to work in the UK under Tier 2, which is the work permit route.

How will the Skills Charge work?

The Skills Charge is a fee payable by employers for each certificate of sponsorship assigned on or after April 6, 2017. It will apply to Tier 2 migrants who apply from outside the UK or those inside the UK who submit extension or change of employer applications. The Skills Charge will apply to both the Tier 2 Intra-Company Transfer (“ICT”) and Tier 2 General categories (subject to the exceptions below).

The fee will be £1,000 GBP per year per migrant, with a reduced fee of £364 for small or charitable organizations. The fee must be paid in advance for the full duration of the certificate of sponsorship.

The Skills Charge will not apply to the following:

- Tier 2 ICT or General migrants whose certificate of sponsorship is issued before April 6, 2017 applying to extend his or her Tier 2 visa or change sponsors in the UK;

- Tier 2 ICT Graduate Trainees;
- Tier 2 workers in a specified Ph.D. level occupation;
- Tier 4 students changing status to Tier 2 General; and,
- Family members of Tier 2 migrants.

The Department of Education will use the funds collected from the Skills Charge to implement training programs and subsidize apprenticeships with the aim of upskilling the local labor force.

How will the Skills Charge affect employers?

The cost of sponsoring non-EEA nationals to work in the UK has increased substantially in recent years. In April 2015, the government introduced the “health surcharge” for Tier 2 General migrants and family members (£200 per person per year), which is likely to be extended to Tier 2 ICTs and their family members in 2017. Through these policies of increasing costs, the government is effectively restricting the number of non-EEA nationals working in the UK through financial means.

Employers must factor in the additional costs of the Skills Charge for all certificates of sponsorship assigned on or after April 6, 2017. Employers should consider whether it is possible to proceed with applications now to avoid the additional costs of the skills charge.

If you have any questions or would like further information, please contact your Seyfarth attorney, [Deirdre Murphy](mailto:dmmurphy@seyfarth.com), at dmmurphy@seyfarth.com, [Jason E. Burritt](mailto:jburritt@seyfarth.com) at jburritt@seyfarth.com or [Gabriel Mozes](mailto:gmozes@seyfarth.com) at gmozes@seyfarth.com.

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Seyfarth Shaw LLP One Minute Memo® | February 16, 2017

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