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Britain is open for big business

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Britain is open for big business

DAVID CAMERON'S COALITION GOVERNMENT promised that it would reduce net migration to the UK to the tens of thousands and that is what it is attempting to do. The government recently announced a raft of changes to the immigration rules designed to fulfil this promise.

TIER 1 (GENERAL)

Most dramatically, the Tier 1 (General) visa category, which has attracted thousands of highly skilled migrants to the UK since 2002 (in its current incarnation as Tier 1 (General) and as it was previously known, the Highly Skilled Migrant Programme) closed permanently on 6 April 2011.

TIER 2

Tier 2 of the points-based system – the visa category that allows UK employers to sponsor employees to live and work in the UK – has not been spared either. Minimum requirements for salary, graduate-level job offers and English language have been raised.

In addition, the UK Border Agency has introduced an annual cap on the number of Tier 2 (General) new-hire migrants employers can bring to the UK as sponsored employees. This nationwide cap of 20,700 came into force on 6 April 2011 and will severely limit employers' ability to cherry-pick from the global labour market.

Tier 2 (Intra Company Transfer) migrants – employees of multinational companies who are based abroad and are transferring to their UK branch – will have their stay in the UK time limited, up to a maximum of five years depending on salary.

By making these changes the government has attempted to close Labour's 'open-door immigration policy' and has instead installed a 'revolving-door immigration policy' at the UK's side entrance. The question remains, however, whether these tighter controls on UK employers' ability to hire from outside

of the UK labour market will affect their willingness to invest in the growth of their business on a long-term basis, if their recruitment processes are to be so strictly monitored.

TIER 1 (INVESTOR)

There is a ray of light among the gathering clouds. The government has 'rolled out the red carpet' to Tier 1 (Investor) migrants. This visa category is designed to allow high-net-worth individuals to come to the UK by making a substantial financial investment.

To qualify for a Tier 1 (Investor) visa, migrants have to demonstrate that they have access to £1m held in a financial institution and disposable in the UK, or access to a loan of £1m held in a financial institution and disposable in the UK and £2m in personal assets. Following five years' residence as a Tier 1 (Investor), migrants are eligible to apply for settlement in the UK (also known as indefinite leave to remain or permanent residence).

Since 6 April 2011 the government will now allow Tier 1 (Investor) migrants who invest £5m in the UK to apply for settlement following three years' residence, and those who invest £10m to apply for settlement following two years' residence. This will also have the effect of reducing the time in which a migrant can apply to naturalise as a British citizen.

Moreover, Tier 1 (Investor) migrants will be permitted to spend more time outside the UK throughout the length of their visa – up to 180 days per year from the current 90 – without affecting their eligibility to apply for settlement. This is an acknowledgement by the government that high and ultra-high-net-worth individuals are required to travel extensively to ensure the continuing growth and success of their business interests.



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TIER 1 (ENTREPRENEUR)

In addition to the enhanced advantages for Tier 1 (Investor) migrants, the government will be making changes to the Tier 1 (Entrepreneur) visa category. This category is for those setting up or taking over and being actively involved in the running of one or more businesses in the UK.

Tier 1 (Entrepreneur) migrants must have access to £200,000 in funds for investing in a UK business to be eligible. This will not change, but since 6 April 2011 'high potential businesses' will now be able to come to the UK with only £50,000 in funding where the funding is provided by a venture capitalist, a government department or a seed competition. Entrepreneurs who are successful in their endeavours and create ten full-time jobs or have a turnover of £5m will be able to apply for settlement after three years, rather than the current five.

In recognition of the fact that entrepreneurs may need to enter the UK to secure funding before choosing to invest in the UK, a Prospective Entrepreneur visa was introduced on 6 April 2011. Once in the UK

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prospective entrepreneurs can switch to a Tier 1 (Entrepreneur) visa.

TIER 1 (EXCEPTIONAL TALENT)

Seen as the successor to Tier 1 (General), on 6 April 2011 the government introduced a new visa category – Tier 1 (Exceptional Talent). It is envisaged that Tier 1 (Exceptional Talent) visas will be available to only the most gifted of migrants who are recognised as leaders in their particular field. The government announced that talent will be assessed by designated competent bodies who will endorse a migrant's claim for a Tier 1 (Exceptional Talent) visa. These designated competent bodies are yet to be announced. The government will keep the

bar high, however, as evidenced by the fact that they will only be issuing 1,000 Tier 1 (Exceptional Talent) visas per year.

The government has made it clear that it wishes to increase the number of investor and entrepreneur visas issued in the UK to the levels seen by countries such as the US, Canada and Australia. Attracting more investors and entrepreneurs to the UK by relaxing the Tier 1 (Investor) and Tier 1 (Entrepreneur) rules is seen as a small step towards 'private-sector led' economic recovery for the UK.

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