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## flash Alert

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### **United Kingdom – Updates on Immigration Health Surcharge, Registered Traveller Service**

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The U.K. government has recently announced that it was ending its Immigration Health Surcharge exemption for Australian and New Zealand nationals from April 2016. It also announced that it was extending its current Registered Traveller Service to nationals from Hong Kong, Singapore, South Korea, and Taiwan (Republic of China).

#### **Why This Matters**

##### ***Immigration Health Surcharge (IHS)***

The extension of the IHS to Australian and New Zealand nationals could increase the cost to businesses of hiring or seconding nationals from these countries to the United Kingdom. With the likelihood of minimum salary requirements increasing in April, as well as the introduction of an Immigration Skills Charge later this year, this will be another cost employers will need to consider when moving their highly-skilled workers into the United Kingdom.

##### ***Registered Traveller Service***

Many U.K. visa holders and business visitors are required to travel on a regular basis as part of their job. They can spend a disproportionate amount of their time standing in queues at U.K. airports waiting to be admitted to the United Kingdom. The new extended scheme will allow more nationals to clear the border/passport control faster meaning *less* delay, inconvenience, and administrative burden and *more* time and energy to spend on matters which really require their attention.

#### **Immigration Health Surcharge: Australian, New Zealand National to Pay**

The IHS was introduced by the U.K. government last April as a means of ensuring the National Health Service (NHS) remains sustainable and receives a contribution towards the cost of health-care from temporary migrants. (For prior coverage, see GMS [Flash Alert 2015-046](#), 26 March 2015.)

Many migrants and their dependants coming to the U.K. for six months or more, or applying for visa extensions in the U.K., have since been required to pay a non-refundable fee of £200 per year of their stay.

Until now, Australian and New Zealand nationals have been exempted from paying the IHS. Under new rules, this exemption will be lifted from 4 April 2016, making Australian and New Zealand nationals liable to pay the IHS as part of their U.K. visa applications.

European Economic Area (EEA) nationals, those coming to the U.K. for less than six months, visitors, dependants of armed forces personnel, and those making humanitarian applications will continue to be exempt. Currently, those coming to the U.K. under the Tier 2 (Intra-Company Transfer) visa category are also exempt from paying the IHS (although the U.K. government is considering scrapping this exemption later this year as well<sup>1</sup>).

#### **KPMG Note**

The U.K. government feels that it is fair that Australian and New Zealand nationals should contribute to the NHS in the same way as other non-EEA nationals.

However, the additional cost burden the IHS is potentially going to place on these nationals could further impair the U.K.'s ability to remain competitive in the global market. Businesses may feel that the constant increase in U.K. visa costs is making it too expensive to do business in the country and thus shift their operations elsewhere, taking their skilled and experienced workforce with them.

#### **Registered Traveller Service Expanded**

The Registered Traveller Service was introduced in April 2015 for nationals from Australia, Canada, Japan, New Zealand, and the United States who have a U.K. visa or have visited the U.K. at least four times in the last 24 months. This Service has allowed nationals from these countries to use ePassport gates and U.K./EEA entry lanes at various ports of entry across the U.K., making their entry into the country typically much faster and smoother.

Now, eligible foreign nationals from Hong Kong, Singapore, South Korea, and Taiwan can also register for the scheme. The service is currently available at Birmingham, East Midlands, Edinburgh, Gatwick, Glasgow, Heathrow, London City, Luton, Manchester, and Stansted airports, and at the Eurostar terminals at Paris, Brussels, and Lille. (It is anticipated that Bristol and Cardiff airports may become part of the scheme shortly.)<sup>2</sup>

#### **KPMG Note**

Any measures that allow business travellers to enter the U.K. more quickly and easily are welcome. Many of those using this Service could well be making significant contributions to the success of U.K. businesses as well as the wider U.K. economy.

Applications for the Registered Traveller Service can be submitted online at <https://www.gov.uk/registered-traveller> for a fee of £70 for one year.

#### **KPMG Note**

The U.K. government appears to be taking steps to increase rather than lower the costs of bringing non-EEA migrants to the United Kingdom. While the government justifies the scrapping of the IHS exemption for Australian and New Zealand nationals by saying it brings them in line with all other non-EEA nationals, for businesses it may feel like just another extra cost imposed on them.

At least the U.K. government appears to have accepted that it is not good for business in any way to have highly skilled migrants spending too many hours – when they could be working – standing in queues at airports and other ports of entry, and, therefore, they are doing something about it.

*Footnotes:*

1 See the Migration Advisory Committee's (MAC) "Review of Tier 2: Balancing migrant selectivity, investment in skills and impacts on U.K. productivity and competitiveness."

2 See: <https://www.gov.uk/government/world-location-news/expansion-of-the-uk-registered-traveller-service> .

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