

March 4, 2016
2016-035

United Kingdom – Impact of Rise in Visa, Other Fees on Global Business

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flash Alert

A Publication for Global Mobility and Tax Professionals by KPMG's Global Mobility Services Practice

New fees for visa, immigration, and nationality applications in the United Kingdom will come into effect on 18 March 2016.

In January 2016, the U.K. government announced its plans to increase fees for visa, immigration and nationality applications, as well as associated priority and premium services. The U.K. government has expressed that it wishes to reduce taxpayer contributions towards the border, immigration, and citizenship system so that by 2019-2020 the system is essentially self-funded by those who use it. The new fees will come into effect on 18 March 2016.

Why This Matters

The increase in fees for U.K. entry clearance as well as in-country visa applications represents a further cost to businesses that wish to move their global workforce to the United Kingdom. This increase has the potential to hit global mobility budgets at short notice, in addition to the potential increases in minimum salary requirements in April, the possible widening of the Immigration Health Surcharge to include currently excluded visa categories, and the introduction of an Immigration Skills Charge later this year. (For prior coverage, see GMS [Flash Alert 2016-018](#), 29 January 2016, and GMS [Flash Alert 2016-025](#), 12 February 2016).

Background – U.K. Visa Fees

On 26 February 2016, the Home Office laid further legislation before the U.K. Parliament (Immigration and Nationality (Fees) Order 2016)¹ which, amongst other things, sets out maximum levels on the amount the Home Office can charge for visa applications.

Although there are currently no plans to raise fees to the maximum level, the following changes will come into effect on 18 March 2016 (6 April for the Isle of Man):

- Visas linked most closely to economic growth, such as those offered to workers and students, will be increased by 2 percent;
- A 2 percent increase will apply to all visit visas;
- An increase of up to 25 percent will apply to settlement, residence, and nationality fees;
- An increase of up to 33 percent will apply for optional premium services offered by the Home Office such as the super-premium service and priority visa services overseas.

The application fees for sponsor licence applications will stay at the current rate.

We have outlined below a table of indicative fees for visa categories that will be relevant to U.K. businesses. Readers may wish to refer to the Home Office's Web site² for the complete list of UK visa categories and fees.

| Fee Category | Current Fee | Fees from 18 th March 2016 |
|---|-------------|---------------------------------------|
| <u>APPLICATIONS MADE FROM OUTSIDE THE UK</u> | | |
| Visit visa < 6 months | £85 | £87 |
| Visit visa < 2 years | £324 | £330 |
| Visit visa < 5 years | £588 | £600 |
| Visit visa < 10 years | £737 | £752 |
| Settlement | £956 | £1,195 |
| Representative of an overseas business | £535 | £546 |
| Tier 1 (Entrepreneur) | £944 | £963 |
| Tier 1 (Investor) | £1500 | £1530 |
| Tier 2 (General), (Intra Company Transfer) – Long Term Staff - 3 years or less | £564 | £575 |
| Tier 2 (Intra Company Transfer) – Short Term Staff, Graduate Trainee & Skills Transfer | £445 | £454 |
| Tier 2 (General), (Intra Company Transfer) – Long Term Staff – more than 3 years | £1128 | £1151 |
| Tier 4 | £322 | £328 |
| Tier 5 | £225 | £230 |
| Priority Visa – Non settlement | £120 | £150 |
| <u>APPLICATIONS MADE FROM WITHIN THE UK</u> | | |
| Indefinite Leave to Remain | £1500 | £1875 |
| Naturalisation | £1005 | £1236 |
| Leave to Remain – Other | £649 | £811 |
| Transfer of Conditions (Limited Leave to Remain) | £183 | £223 |
| Transfer of Conditions (Indefinite Leave to Remain) | £260 | £308 |
| Tier 1 (Entrepreneur) | £1180 | £1204 |
| Tier 1 (Investor) | £1500 | £1530 |
| Tier 2 (General), (Intra Company Transfer) – Long Term Staff - 3 years or less | £651 | £664 |
| Tier 2 (Intra Company Transfer) – Short Term Staff, Graduate Trainee & Skills Transfer | £445 | £454 |
| Tier 2 (General), (Intra Company Transfer) – Long Term Staff - more than 3 years | £1302 | £1328 |
| Tier 4 | £439 | £448 |
| Tier 5 | £225 | £230 |
| Premium service | £400 | £500 |
| Priority postal service | £300 | £375 |

KPMG Note

The Impact of Fee Growth and Global Mobility

Taken in isolation, each fee may not appear to have increased to a significant degree. However, the cumulative effect could be keenly felt by U.K. businesses that rely on their ability to move their skilled and experienced workforce, as well as their emerging talent, to the U.K. for the benefit of their operations and clients.

Perceived Government Aims and Impact on Business

The U.K. government's aim appears to be reducing the burden of running U.K. Visas and Immigration on the U.K. taxpayer and to install a system where only those who use it pay for it. While this may be seen by some as a laudable goal, it does not appear to come with a promise of ensuring that these funds will be used to their maximum effect. This may mean that fees will continue to rise over the next few years, which could put additional financial burdens on U.K. businesses that are trying to stay competitive in a global market.

Footnotes:

1 See: <http://www.legislation.gov.uk/ukdsi/2016/9780111142691/contents> .

2 See:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/503658/Fees_table_18_March_2016_PDF.pdf .

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