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## GES NewsFlash

# United Kingdom – Immigration: Business Consultation on the Coalition Migration Limit

**June 30, 2010**

### Summary

Following the announcement that a coalition government would introduce an annual limit on the numbers of non-EU economic migrants, the UK Government has launched a consultation with business. Details of how the final limit will be set will follow a 12 week consultation. Meanwhile, an interim limit will be introduced to ensure there is no rush to make immigration applications before the limit is brought into force.

### The Interim Cap

The Government will impose an interim limit which will take effect from 19 July 2010. This limit will ensure the number of visas issued under Tiers 1 and 2 of the points-based system are below those issued in 2009. These interim measures include:

- capping the number of Tier 1 migrants at current levels and raising the number of points needed by non-EU workers who come to do highly skilled jobs from 95 to 100; and
- limiting the number of certificates of sponsorship that licensed employers can issue to those who wish to come to fill skilled job vacancies. This will reduce the number of people entering through Tier 2 by 1,300.

Changes to Tier 1 will take effect on 19 July 2010. However, if a Tier 1 (General) application has been made before 19 July and the application has not been decided before that date, it will be decided in accordance with the previous rules in force on 18 July 2010.

### The Consultation Process

The purpose of the consultation with business is to elicit views on how a limit on immigration should work. The consultation includes questions on the coverage of

limits as well as the mechanics of how they will work in practice. Questions include whether the intra-company transfer route should be included within any annual limit and what action employers will take to train the domestic labour force if the supply of migrant workers is no longer readily available. Questions are also posed as to whether a “first come first served” application mechanism is to be preferred.

The consultation will run until 17 September. Permanent limits on non-EU economic migration routes will then be decided and put in place by 1 April 2011.

Businesses can take part in the consultation online, by email, or by completing the response form on the UK Border Agency website and sending it to UKBA by post.

The survey can be found at <https://www.surveymonkey.com/s/MF72LZG>.

The Government has also commissioned the independent Migration Advisory Committee (“the MAC”) to offer advice on the level of the first annual limit. The MAC will run a parallel consultation until 7 September 2010. The Government will then give notice of their final decision on implementation mechanisms and the level of the limit as soon as possible thereafter and at least by the end of the calendar year.

#### **Deloitte’s View**

As with the UKBA consultation in 2009, it will be vital for businesses to make their voice heard concerning the proposed cap in order to present a true picture of the benefits of skilled migration to the UK. Although economists and business leaders have already raised concerns over the effect a limit on skilled migration would have on the UK economy, there is little doubt a limit will be imposed – the only question will be which categories under the Points Based System will be targeted and how the system will be operated. It is to be hoped that the intra-company route will be excluded from the annual limit (as is currently the case in the USA) and that dependants of the main applicant will not be prevented from working. Deloitte will be holding an event in London on 26 July 2010 to discuss the Government and MAC consultation papers – details are available from the below contacts.

#### **People to Contact**

If you have any questions concerning the issues in this GES NewsFlash, please contact one of the tax professionals as follows:

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