

December 2022

United Kingdom

Updated list of Immigration Skills Charge exemptions effective 1 January 2023

Executive summary

Effective 1 January 2023, it is expected that intra-corporate transfer work authorization/visa applications filed on behalf of EU nationals who are employed by EU-based businesses will be exempt from the Immigration Skills Charge (ISC) under <u>certain conditions</u>. UK sponsors will also be exempt from paying the ISC in connection with immigration applications submitted under the <u>Scale-up Route</u>.

Key developments

UK companies that sponsor foreign nationals to work in the UK are required to make ISC payments when issuing Certificates of Sponsorship. The ISC must be paid annually and typically amounts to £1,000 per year for the duration of the assignment. If the anticipated changes eventually go into effect as expected, UK companies that sponsor nationals of EU Member States to work in the UK for up to three years under the Global Business Mobility: Senior or Specialist Worker (GBM) Route will be exempt from paying the ISC, provided that the entity assigning them to work in the UK is based in the EU and part of the same corporate group (i.e., shares common ownership and control with the UK company). Additionally, UK sponsors will be exempt from paying the ISC in connection with applications submitted under the Scale-up Route.

Impact on employers

The anticipated changes governing the ISC should come as positive news to UK employers, whose costs for sponsoring impacted foreign workers will be reduced in certain cases. It is important to note that the exemption will only apply to assignments under the GBM and Scale-up Routes. Further, the ISC exemptions to the GBM Route, which does not lead to settlement in the UK, are only expected to apply to short-term assignments of up to three years.

Key steps

EY will continue to monitor these developments. Should you have any questions, we encourage you to contact one of our immigration professionals.



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