

# Immigration Act 2016

## Factsheet – Fees and Charges (Sections 85-89)

### What are we going to do?

- Encourage businesses to source the skilled workers that they need from the resident labour market.
- Reduce the burden on the tax payer from the cost of the immigration system.

### How are we going to do it?

- Introduce an Immigration Skills Charge from April 2017 on UK employers recruiting skilled migrant labour from outside the European Economic Area through the Tier 2 visa route.
- Enable civil registration services to become increasingly financially self-supporting through fees and reduce their reliance on central government funding.
- Increase the flexibility of the passport fees framework to allow for cross-subsidy and ensure that all relevant costs are included.

### Former Immigration Minister James Brokenshire said:

“In the past it has been too easy for some businesses to bring in workers from overseas rather than to take the long-term decision to train our workforce here at home.

It is only right to recover some of the costs of running our immigration system by making sure that those who benefit directly from it, contribute appropriately - so the expense to the UK taxpayer is less.

Our reforms will ensure that businesses are able to attract the skilled migrants they need, but we also want them to get far better at recruiting and training UK workers first.”

## Background

### Immigration Skills Charge

- The charge is designed to incentivise employers to invest in training and up-skilling the resident workforce. The income raised from the charge will be used to address skills gaps in the workforce.
- Employers will pay £1,000 per Tier 2 migrant sponsored per year, with a reduced rate of £364 per migrant per year for small and charitable sponsors.

- For occupations skilled to PhD level, students switching from Tier 4 to Tier 2, and the Intra Company Transfer Graduate Trainee category, the Tier 2 sponsor will not be required to pay the immigration skills charge.

### **Civil registration**

- Civil registration costs around £160m each year and is governed by an inflexible legislative framework dating from the 19th and mid 20th centuries.
- Existing legislation governing the registration of births, deaths, marriages and civil partnerships is restrictive in terms of the products and services for which fees may be charged. The Act will introduce modernised and flexible fee-raising powers in respect of services provided, enabling fees to be set for a wider range of products and services than is currently possible. This will reduce the burden for providing registration services on the taxpayer by allowing such services to become increasingly self-sufficient.

### **Passports**

- In September 2012, fees for passport applications made in the UK were reduced by £5. This was the first ever passport fee reduction.
- In April 2014, fees for UK passports for British citizens applying from overseas were reduced by 35%
- This Act will allow the Home Office to formalise the framework of costs underpinning the passport fees to better reflect the costs incurred in providing passport services, for example the costs of processing more complex applications requiring costly Home Office interventions, and to allow some passport fees to be set at above cost. This will alleviate the corresponding burden on the vast majority of passport applicants and potentially facilitate further fee reductions.

## **Key Q&A**

### **How does the Immigration Skills Charge differ from the Apprenticeship Levy?**

- Both policies aim to address the long-running trend of under-investment in skills by UK employers that has resulted in skills gaps and a need to improve UK productivity.
- The Immigration Skills Charge will be paid by employers recruiting skilled migrant labour through Tier 2 and will contribute to funding training in the UK. The Apprenticeships Levy will be paid by larger employers who will be able to spend their levy contribution on apprenticeship training for their employees. Large employers who also recruit skilled migrant labour from outside the EEA will pay both.

### **Will all civil registration services incur a fee?**

No, the registration of births, still births and deaths will continue to remain free of charge to users. Fees may be charged where the benefit of accessing the service

is solely to the individual, and there will be powers to waive fees in certain circumstances, such as hardship.

**How will the fees for premium passport services be determined?**

- Based on customer research and trials conducted, premium passport fees will be determined by assessing the benefits accruing to the customer and also what the customer would expect to pay for that level of public service.

Home Office  
February 2017