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Russia and CIS news: changes to tier 1 (Investor) visas for the UK — what you need to know

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What is the Investor visa?

The Investor visa has been in existence for about 20 years. It allows a person who can show liquid wealth of at least £1m to apply for the right for themselves, and their dependant family members, to live in the UK. After five years they can acquire the right to reside in the UK permanently and a year later apply to become a British citizen and acquire a British passport.

Once the visa has been issued the investor has to bring the £1m into the UK and invest at least 75% of it in specified types of investments, which have to be held directly in the name of the investor. If the money is invested in listed securities and their value drops the investor has to top-up their value to maintain a minimum of £1m in the UK.

The detailed rules concerning both permitted investments as well as the mandatory documentary evidence are complex and at times inconsistent and expert advice should be taken.

What has been happening with the Investor visa?

The Investor visa has recently been considered in two official reports.

February- the MAC report

In February the Migration Advisory Committee ('MAC'), an independent non-departmental public body that advises the government on migration issues, released a report, which had been commissioned by the Immigration Minister, on the Tier 1 (Investor) visa, specifically on the investment thresholds and economic benefits to the UK. The report contained a number of recommendations, including:

- increasing the minimum investment threshold to £2m
- widening the class of permitted investments
- removing the 'top-up' rule
- a sealed bid auction for up to 100 'premium' visas which have enhanced rights to settlement.

March the Select Commitee report

The MAC report came out just in time to be considered in a separate report by the Home Affairs Select Committee, a standing committee appointed by the House of Commons to scrutinise the work and policy of the Home Office.

This report, which came out towards the end of March, recommended the suspension of the Tier 1 (Investor) visa route while the government considers the contents of the MAC report.

Whilst all this policy consideration has been going on, there have been some actual changes to the rule, which took effect on 6th April 2014.

Firstly, the rules now permit children aged 16 and 17 years to apply for the investor visa, provided that the parents support the application and confirm that they are happy with the care arrangements. This finally resolves the uncertainty over the eligibility of children for the visa and means that children can now use the £1m route to achieve indefinite leave to remain by the time they graduate from university.

The second change, provides a get out to investors who fail to be fully invested within three months of arrival under the visa, which will mean that their visa will not be extended. This get out is very limited, only being available if there are 'exceptionally compelling' reasons for the delay, which must be unforeseeable and outside of their control.

What is likely to happen?

The government is under no obligation to implement any of the recommendations of either report, but the political spotlight is now shining brightly on the Investor visa and it is almost certain that changes will be made. If they are made, the usual practice is for the changes to apply only to new applications.

Our sources in the Home Office suggest that the earliest date for implementation of any changes is likely to be October. It is not possible to predict with any certainty what the likely changes will be, but one thing is certain. If you are thinking about coming to the UK as a Tier 1 (Investor) and want to ‘lock in' to the route in its present form, with a £1m threshold, you should be preparing to file in good time before October.

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