



Minimum investment threshold for the UK Investor Visa set to double

The UK Government gave its first official response to the Migration Advisory Committee (MAC) proposals on 16 October 2014 by the introduction of changes in the Immigration Rules which affect the Tier 1 (Investor) Visa. As expected, the minimum investment threshold will be raised from £1m to £2m for any applications made after 6 November 2014. This change is perhaps not surprising as the investor route has been very popular in recent years and the previous threshold had been unchanged since the introduction of the visa. The changes in the rules do not link this amount to any index, so the increase in the threshold is likely to remain at this level for the near future.

The effect of the changes is that applications under the UK's Investor Visa route which are made as of 6 November 2014 will need to meet the minimum threshold of £2m in order to meet the requirements of the points-based system. The rules do not make any changes to the accelerated routes of £5m and £10m, so investors can still benefit from these. There are also transitional rules so that any investors who obtained their visa prior to these changes on the basis of the minimum threshold of £1m will not be required to top-up the amount which they currently have invested, even when they come to renew the visa.

The Tier 1 Investor Visa is awarded based on the applicant's ability to invest funds in the UK. Once the visa application is successful, the investor will be able to remain in the UK for a period of three years and four months and may renew their visa for a further two years. After five years in the UK, it may be possible for the investor to apply for settlement and to eventually make an application for British Citizenship. The investments must be made in strict accordance with the immigration rules for the duration of their visa, or the visa may be curtailed.

Other changes to the rules

There are further changes to the rules in relation to the investment criteria. Persons making an application under the new rules will be required to hold the entire £2 million in the UK by way of UK Government bonds, share capital or loan capital in active and trading UK registered companies, with the potential to hold a proportion of this as cash or as equity in a residential property which they occupy now removed.

A welcome addition has been the removal of the requirement that the investments must be maintained at the appropriate level for the application for the duration of the investor's time in the UK - this requirement to continually monitor and top-up the investment amount had caused investors to opt for the relative stability of UK gilts as the preferred form of investment, being easier to monitor and retain at the correct level. Investors may now be more willing to invest in share or loan capital in trading companies. New applicants will only need to purchase new qualifying investments if they sell part of their portfolios and need to replace them in order to maintain the investment threshold.

In addition to the above and some technical changes to the evidential documents, entry clearance officers are also being given further powers to refuse an application if they have reason to suspect that the applicant is not in control of the funds, the funds have been obtained unlawfully or if there are wider public concern issues as to the source of funds.

The MAC report had recommended that the investment rules be extensively widened, with the intention to encourage investors to move away from UK gilts. The MAC's proposals would allow the investor to invest in schemes such as the

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Enterprise Investment Scheme or Venture Capital Trust, or even bonds aimed at infrastructure development. The rules relating to investments in private companies would also be made less restrictive, as the evidential burden of proving the value of these investments is a factor in making them an unattractive option when deciding which investments to make. These proposals have not yet been incorporated in the Immigration Rules.

The UK Government has confirmed that it will be launching a formal consultation on potential changes to the investments which must be made under the Investor Visa and has also announced that it will consult on "other improvements to the route". It is unclear at present whether this relates to the full proposals made under the MAC report or whether these will be limited in the scope of the consultation. A consultation document will be published in due course, but no firm date has been given for this.

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