

Changes to Tier 1- Introducing the New 'Innovator' and 'Start-up' visas

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13 March 2019

The Home Office recently announced substantial [changes to Tier 1](#) of the PBS, which include:

- The Tier 1 (Entrepreneur) visa category being closed on 29 March 2019;
- The current Tier 1 (Graduate Entrepreneur) visa category being closed on 05 July 2019;
- Two new visas, namely the 'Start-up' and 'Innovator' visas being introduced on 30 March 2019, to replace the aforementioned existing Tier 1 visas; and
- The tightening up of the Tier 1 (Investor) category.

For those who have already applied under Tier 1 (Entrepreneur) by 23:59 on 28 March 2019, there will be transitional arrangements which will permit extension applications under this route to be made until 5 April 2023 and settlement applications until 05 April 2025. Any new entry clearance applications made on or after 29 March 2019 from applicants that would previously have used the Tier 1 (Entrepreneur) route, are being encouraged to use the new 'Innovator' visa.

For those who have already applied under the Tier 1 (Graduate Entrepreneur) route by 23:59 on 4 July 2019, transitional provisions will allow Tier 1 (Graduate Entrepreneurs) to switch, upon expiry of their initial visa, to the new Start-up visa or the Tier 1 (Entrepreneur) category until 05 July 2021. Any new entry clearance applications made on or after 5 July 2019 from applicants that would previously have used the Tier 1 (Graduate Entrepreneur) route, are being encouraged to use the new 'Start-up' visa.

The New Tier 1 'Innovator' Visa

The key differences between the new Tier 1 'Innovator' visa and the current Tier 1 (Entrepreneur) route are as follows:

- The new expert endorsement requirement will mean that individuals considering this route will need to be endorsed by a UK Government approved body, which will assess whether the proposed business is innovative, viable and scalable. The endorsing body operates checks throughout and can withdraw its endorsement, resulting in curtailment;
- The Innovator category is intended for more experienced businesspeople. As well as an endorsement, applicants will need £50,000 to invest in their business from a legitimate source (reduced from £200,000 for most applicants in the current Tier 1(Entrepreneur) category);
- The new route extends the required pre-investment holding period for funds from 90 days to two years;
- The period of time in which individuals using the new route can obtain Indefinite Leave to Remain is down from 5 years to 3 years, provided two of the following criteria is met:
 - i. The individual has invested at least £50,000 into a UK business and actively spent this money furthering the business plan, although the funding requirement will be waived for those switching from the Start-up visa category who have made significant achievements against their business plans;
 - ii. By doubling the business's customers;

- iii. By applying for intellectual property protection after research and development activity;
- iv. By generating an annual gross revenue of £1m; or
- v. By creating 10 full-time jobs for resident workers.

The New Tier 1 ‘Start-up’ visa

The key differences between the new Start-up visa and the current Tier 1 (Graduate Entrepreneur) route are as follows:

- The new Start-up visa is open to applicants starting a new business for the first time in the United Kingdom, not just to graduates;
- The Start-up visa removes any initial funding requirements; as detailed above, applicants will need to be endorsed;
- This category offers leave for 2 years (up from one year under the Tier 1 (Graduate Entrepreneur) route) and, whilst it does not lead directly to settlement, it permits applicants to switch into the Innovator route thereafter to continue to grow their business and apply for settlement.

The Tier 1 (Investor) Visa

Changes include lengthening the period for which funds must be held prior to applying for this visa, from 90 days to two years. Additionally, applicants will no longer be able to simply buy up UK national debt to qualify as an investor. Purchase of UK government bonds is being excluded as a qualifying investment.

Those with Tier 1 (investor) visas will be able to extend their visa until 05 April 2023 and will have until 05 April 2025 to apply for settlement. Successful Tier 1 (Investor) migrants applying for an extension from abroad will be granted 2 years and 4 months leave, instead of the current 2 years.

Conclusions

Those who are considering applications under the Tier 1 (Entrepreneur) or Tier 1 (Graduate Entrepreneur) routes will want to consider whether to make an application under the current rules as a matter of urgency.

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