



Life After Brexit - Free Movement of People

Free Movement of People

Following the end of the Brexit transition period on 31 December 2020, a new relationship between the United Kingdom and the European Union began, impacting the free movement of people between the two. As a result, freedom of movement of people has been replaced by a points-based system for Skilled Workers entering the UK from EU countries, who must now meet certain criteria. All EU nationals that entered the UK before December 2020 had the right to stay and work in the UK under EU Settlement Scheme, the deadline for applications was 30 June 2021.

Immigration and Employment

The end of freedom of movement of people also meant that the competitive immigration advantage of EU nationals over Non-EU nationals changed and is now equal to the system in place for Non-EU nationals. In other words, we now see an equal level playing field between EU and Non-EU nationals willing to move to the UK for work. Businesses will face new challenges when hiring people from EU countries and will need to effectively assess their workforce and employment requirements well in advance to plan for any recruitment from EU countries. All UK companies wishing to employ EU citizens will need to apply for sponsorship visas following UK Government guidance.



Corpag Services (UK) Limited

2nd Floor Berkeley Square
House
Berkeley Square
London, W1J 6BD
United Kingdom

T: +44020-7887-4526
E: uk@corpag.com
W: www.corpag.com
VAT: GB778616282



UK Attractiveness

The UK continues to be an attractive location to set up local and international structures, as it does not only offer a stable legal, political and economic system, but it also has an attractive tax regime and extensive tax treaty network with the rest of the world. Among many benefits, the UK has a low corporation tax rate, dividends received from subsidiaries registered in most countries are exempt from corporation tax and capital gains tax is not charged on the disposal of trading subsidiaries, where certain requirements are met.

The UK does not levy withholding tax on dividend distributions from an entity to its parent company or individual shareholders, it has no capital gains tax on profits arising from the sale of shares in the holding company by non-resident shareholders, where certain requirements are met. Lastly, the UK offers extensive relief for early-stage businesses, and for expenditure on qualifying research and development.

Skilled Worker Visa

The process of applying for a Skilled Worker Visa can be drawn up in three steps:

- (i) UK companies need to be licensed to sponsor migrant workers on the Skilled Worker Visa. Therefore, they will need to apply for a **Sponsor License** from the UK Home Office, which it is required to be in place before an application can be made.
- (ii) Once the UK company has been granted a Sponsor License, the company must apply for a **Certificate of Sponsorship** and assign it to the Skilled Worker in question.
- (iii) The UK company, on behalf of the Skilled Worker, will then need to apply for **Entry Clearance** from the UK Home Office.

Please note that for the process to be successful, there may be additional requirements that must be met, and local immigration advice should be sought to avoid delays.





South African clients

A specific group of clients for whom the UK will be an even more attractive option to expand their businesses to than before, is South African business owners. Considering the uncertain political and economic climate in South Africa, many business owners and entrepreneurs are currently looking to hedge their business prospects and family interests by relocating a portion of their business and wealth abroad.

The above changes to the UK immigration laws put South African business owners in a better position to expand their operations to the UK, and with careful planning and specialist legal advice, this expansion could also enable them to obtain the right to work and live in the UK with their families.

How Can Corpag Help You?

We highly recommend that the following steps are taken as soon as possible by international corporate groups with businesses in the UK:

- **Identify** the human capital needs involving the UK and requirement to attract EU and Non-EU nationals.
- **Review** to what extent the workforce might have been impacted by Skilled Worker system.
- **Assess** strategies and request local (immigration) assistance to secure the best efficiency for the structure.

Corpag has offices in the UK, South Africa and across Europe, as well as a large network of trusted advisors. We would be glad to assist you with any of the above steps and can offer local support to help you navigate the complicated and ever-changing landscape after Brexit.

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