

US government triples work visa fees

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BENGALURU: In a big blow to the \$146-billion Indian IT services industry, the US government has tripled H-1B and L-1 visa fees, a move that's seen to be an effort to ease American fears about job losses in an election year. And unlike in 2010, when it had doubled the fees for five years, this time, the enhanced fees will extend up to 2025, that is ten years.

Indian IT firms, the largest users of H-1B and L-1 non-immigrant visas, will take a \$400 million hit due to the increased fees and be forced to relook at the number of employees they send every year to their largest client market. This could impact the business they do in the US, as also make them less competitive vis-a-vis American rivals.

Currently, the visas cost about \$2,000. Now, an additional \$4,000 has been imposed on H-1B and \$4,500 for L-1A and L-1B petitions. The additional fees apply to petitioners who employ 50 or more employees in the US with more than 50% of those employees in H-1B or L-1 non-immigrant status. Most large Indian IT companies fall in these categories.

The H-1B is a non-immigrant visa that allows US companies (including US subsidiaries of Indian companies) to temporarily employ foreign workers. L-1 is a non-immigrant visa that facilitates temporary transfer of foreign workers in managerial, executive or in the specialized knowledge category to the US.

"The US government's clarification that the increased fees would remain valid until 2025 should provide Indian technology companies an ability to plan for a longer term," said Vikram Shroff, head of the HR Law practice at law firm Nishith Desai Associates.

TCS CEO Chandrasekaran said the H-1B visa fee increase is not a "big concern" and the company would modify its resource deployment model to mitigate the impact. Bengaluru-based senior advocate Sajan Poovayya said Indian IT companies are running the risk of being dangerously over-dependent on cost arbitrage. "The fee hike was a writing on the wall. Indian IT firms should move away from cost arbitrage as the fulcrum of the IT business. "There will be political posturing in the run up to the elections and Indian IT firms will have to comply with the US regulations. In the long term, the Indian government should engage in proactive posturing rather than a reactive one," he said.