

**Immigration**

# Immigration Tech Talent Strategy raises significant questions | Sergio R. Karas

By **Sergio R. Karas**

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(July 27, 2023, 1:28 PM EDT) -- Immigration, Refugees and Citizenship Canada (IRCC) recently announced Canada's Tech Talent Strategy. This includes promoting Canada as a destination for digital nomads and creating a streamlined open work permit for H-1B visa holders in the United States to come to Canada. IRCC believes that this strategy will fill in-demand jobs and attract highly skilled business talent. However, the strategy has some serious flaws, and its wisdom is questionable.

**Digital nomads**

Digital nomads can perform their job remotely from anywhere in the world. IRCC will allow them to obtain a visitor visa to relocate to Canada for up to six months while they continue to work remotely. IRCC expects digital nomads to seek opportunities with Canadian employers, allowing them to bring their skills into the country by receiving a three-year work permit in return, and eventually become permanent residents.

However, hope is not a strategy. There is no guarantee that digital nomads will seek opportunities with Canadian employers when they can choose to live in a more desirable destination. Canada is only offering them a six-month visa whereas other countries like Portugal offer a one-year visa with the possibility to extend for up to two years and become a permanent resident. Barbados offers a one-year visa and no income tax and great weather and pristine beaches in the winter.

The program is unclear on whether digital nomads would be subject to income tax or have access to free health care. IRCC did not provide details yet about the application process. Currently, processing times for visitor visa applications from outside Canada may take longer than 100 days, depending on the visa post. It is also unknown if there will be a cap on the number of applications accepted.

**H-1B visa holders**

On July 16, 2023, IRCC launched a program for workers who hold a H-1B visa in the United States. H-1B visa holders and their accompanying spouses will receive an open work permit for up to three years. Dependent children can receive study permits. This program was intended to remain in effect for one year or until IRCC received 10,000 applications. Not surprisingly, IRCC received 10,000 applications in less than 72 hours, with great media excitement. IRCC believes that these applicants will settle in Canada after finding employment.

H-1B visa holders may have no intention of settling in Canada. They may use the program as an insurance policy in case their H-1B visa is not renewed, or they reach their cap before obtaining permanent residence in the United States. Others may come to Canada temporarily while they seek opportunities to return to the U.S. Another outcome would be for U.S. companies to send their H-1B visa workers who are having difficulties staying in the U.S. to continue to work from Canada remotely. The reality is that salaries in the tech sector in the U.S. are much higher, the opportunities for advancement are greater, and in many cities, the cost of living and housing is much lower than in Canada.

IRCC should consider eliminating the open work permit feature of the program to ensure that individuals coming to Canada have a job offer on hand and do not compete against local workers in the labour market. This would enable U.S. companies with subsidiaries in Canada to transfer workers but at the same time keep them employed and avoid further recruitment efforts. This would also ensure that H-1B visa holders do not treat the program as a safety net. There is precedent for that, as the province of Alberta used to have a similar program before the financial crisis that required employer specific job offers.

Many labour economists have criticized these programs in recent media articles. As they note, there is no guarantee that applicants will be able to keep their jobs in the long term. There have been layoffs in the tech industry in Canada. Shopify, Meta, Google, Twitter and Amazon announced significant layoffs affecting Canada. With the country heading toward an economic slowdown, it is unclear whether applicants will find long-term employment with their open work permits.

These programs may also create further inventory backlogs in the application processing system for work permits and extensions for foreign nationals already in Canada, many of whom must wait several months for a decision. Allowing even more foreign workers into Canada may also contribute to an increase in demand for housing in large metropolitan areas, at a time when inventory is extremely low.

The Tech Talent Strategy will not eliminate labour shortages. The program appears ill-conceived and attempts to resolve last year's problems that arose during the pandemic. While mainstream media is touting the H-1B program as a remarkable success based on the lightning-fast uptake of applications, there is no mechanism in place to measure its success. Most applicants may not intend to remain in Canada for long, and others may not come at all. They may regard the program as an insurance policy. Applicants may also be frustrated by the excessive cost of living, housing shortages and lack of the same opportunities for advancement that exist in the U.S. and may not stay long.

The digital nomad program is based on the false assumption that highly mobile tech workers would choose to remain in Canada, which is a high-tax jurisdiction. However, they could work from a sunny destination, pay no taxes and enjoy a much lower cost of living. On the other hand, if they will not be subject to Canadian tax rules, and have access to free health care, there is a danger that the program could create a perception of unfairness for Canadian citizens, residents and other foreign workers who are subject to tax.

It would be better to allow employers to provide job offers to candidates before they come to Canada and to restrict applicants to work only for those employers who invest considerable time and resources in them. Instead of creating multiple temporary programs on a regular basis, IRCC should focus on fixing their processing times for existing programs and become far more efficient and responsive to applicants and their legal counsel.

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