

# ICELANDIC LABOUR LAW

## A SUMMARY OF BASIC RIGHTS AND OBLIGATIONS ON THE PRIVATE LABOUR MARKET



**ICELANDIC CONFEDERATION OF LABOUR**

SAETUN 1, IS-105 Reykjavik

[www.asi.is](http://www.asi.is)

# **ICELANDIC LABOUR LAW**

A SUMMARY  
OF BASIC RIGHTS AND OBLIGATIONS  
ON THE PRIVATE LABOUR MARKET

**ICELANDIC CONFEDERATION OF LABOUR (ASI)**

**2004**

Second edition November 2004

© Icelandic Confederation of Labour (ASI).

This copyright protected material may be reproduced free of charge, subject to the material being reproduced accurately. Where this text is being copied to others, the source of the material must be identified and the copyright status acknowledged.



## Foreword

---

On behalf of the legal department of the Icelandic Confederation of Labour (ASI) we are pleased to present this summary of labour relations in Iceland.

In this booklet the reader will find information about the legal framework of trade unions and collective bargaining, rules regarding the employment contract, the formation of wages, holiday allowance, payments in case of accidents and illness of workers, health and safety at the work place, working time, maternity and paternal leave, information and consultation of workers, status of foreign workers and other related issues.

Collective bargaining between the social partners on wages and other terms of employment has a long tradition in all sectors of the labour market. This system of freely negotiated agreements enjoys a strong support of both the social partners, i.e. trade unions and employer's organizations, and the government. Collective agreements are under a specific provision of labour law made generally applicable and are therefore binding upon all workers and employers operating within the boundary of the applicable agreement. Collective agreements therefore play an important role as a main source of employment law in Iceland.

The status of workers on the labour market is also regulated by means of various employment legislation which deals with particular aspects of the employment relationship and the social protection of workers.

It is hoped that this text will serve foreign workers and employers as a good introduction to Icelandic labour law.

Magnus M. Norðdahl

Ingvar Sverrisson

November 2004



## Table of contents

<b>Foreword</b> .....	<b>3</b>
<b>Introduction</b> .....	<b>8</b>
<b>1. Trade Unions</b> .....	<b>10</b>
1.1 Introduction .....	10
1.2 Membership of Trade Unions.....	10
1.3 Worker representation at the workplace .....	10
1.4 Priority clauses .....	11
1.5 Strikes.....	11
1.6 Political rights of workers .....	12
1.7 Union funds.....	12
<b>2. Collective bargaining</b> .....	<b>12</b>
2.1 Introduction .....	12
2.2 Occupational coverage .....	12
2.3 Geographical coverage.....	12
2.4 Content of collective agreements.....	13
2.5 Types of agreements .....	13
2.6 Period of validity .....	14
2.7 Casting of votes .....	14
2.8 Industrial Peace .....	14
<b>3. Access to the labour market</b> .....	<b>14</b>
3.1 Introduction .....	14
3.2 Employment services.....	14
3.3 Discrimination.....	15
3.4 Age limits.....	15
3.5 Regulated professions.....	15
3.6 Foreign workers .....	15
<b>4. Contract of employment</b> .....	<b>15</b>
4.1 Introduction .....	15
4.2 Incorporation of collective rights.....	15
4.3 Written statement or contract of employment.....	16
4.4 Changes in terms of employment .....	16
4.5 Termination of contract.....	16
<b>5. Wages</b> .....	<b>17</b>
5.1 Introduction .....	17
5.2 Time rates.....	17
5.3 Additional forms of remuneration.....	17
5.4 Fixed monthly salary .....	18
<b>6. Pay statement</b> .....	<b>18</b>
6.1 Introduction .....	18
6.2 Particulars of a written pay statement .....	18
6.3. Payment .....	18
<b>7. Personal income tax</b> .....	<b>19</b>
7.1 Introduction .....	19
7.2 A tax free income allowance .....	19
7.3. Payment of taxes .....	19
7.4 Social security contributions .....	19
7.5 The Internal Revenue Directorate .....	19
<b>8. Holidays and holiday allowance</b> .....	<b>20</b>
8.1 Introduction .....	20
8.2 Number of holidays .....	20
8.3 Holiday allowance.....	20
8.4 Holiday period .....	20
8.5 Holiday outside the holiday period .....	21
8.6 Worker falls sick before or during vacation.....	21

8.7	Employment terminated .....	21
8.8	Special holidays .....	21
8.9	Public holidays .....	21
8.10	Transfer of public holidays .....	21
	<b>9. Working time.....</b>	<b>22</b>
9.1	Introduction .....	22
9.2	Maximum weekly working time .....	22
9.3	Daily time of rest .....	22
9.4	Weekly day off.....	22
9.5	Night workers .....	23
	<b>10. Lunch and Coffee breaks .....</b>	<b>23</b>
10.1	Introduction .....	23
10.2	Lunch breaks.....	23
10.3	Coffee breaks .....	23
10.4	Work during lunch and coffee breaks.....	23
	<b>11. Absence from work due to illness.....</b>	<b>24</b>
11.1	Introduction .....	24
11.2	Statutory rights .....	24
11.3	Collective rights .....	24
11.4	Accruing of rights during absence .....	25
11.5	Transfer of acquired rights.....	25
11.6	Union Sickness Fund.....	25
11.7	Attending sick children and other compelling family reasons .....	25
	<b>12. Accident at work .....</b>	<b>25</b>
12.1	Introduction .....	25
12.2	Additional wages for up to three months.....	26
12.3	Medical expenses .....	26
12.4	Insurance for death, accident and disability.....	26
12.5	Statutory occupational injury insurance .....	26
12.6	If the employer is accountable .....	26
	<b>13. Equal Status and Equal Rights of Women and Men .....</b>	<b>27</b>
13.1	Introduction .....	27
13.2	Pay equality .....	27
13.3	Equality programs .....	27
13.4	Integration of demands of work and duties towards their families.....	27
13.5	Sexual harassment.....	27
13.6	Complaints and damages .....	28
	<b>14. Maternity and paternal rights.....</b>	<b>28</b>
14.1	Introduction .....	28
14.2	Total leave of nine months .....	28
14.3	Maternity/paternal benefits.....	28
14.4	Safety and health of pregnant women .....	29
14.5	Parental leave - unpaid .....	29
14.6	Protection of employment.....	29
	<b>15. Occupational pension funds .....</b>	<b>30</b>
15.1	Introduction .....	30
15.2	Mandatory pension .....	30
15.3	Supplementary Pension.....	30
15.4	1% contribution .....	30
15.5	Public pension.....	31
	<b>16. Part-time and fixed-term work.....</b>	<b>31</b>
16.1	Introduction .....	31
16.2	Part-time workers .....	31
16.3	Fixed-term work .....	31
	<b>17. Young workers .....</b>	<b>32</b>
17.1	Introduction .....	32
17.2	Prohibited work.....	32

17.3	Working hours .....	32
<b>18.</b>	<b>Termination of an employment contract.....</b>	<b>33</b>
18.1	Introduction .....	33
18.2	Formalities .....	33
18.3	Notice periods.....	33
18.4	Extension of the contractual relationship.....	35
18.5	Protection against dismissal .....	35
<b>19.</b>	<b>Protection of personal data .....</b>	<b>35</b>
19.1	Introduction .....	35
19.2	Personal data .....	36
19.3	Basic principles relating to data quality and processing .....	36
19.4	Electronic surveillance.....	36
19.5	E-mail and internet use.....	36
<b>20.</b>	<b>Information and consultation.....</b>	<b>37</b>
20.1	Introduction .....	37
20.2	Health and safety .....	37
20.3	Collective dismissals .....	37
20.4	Transfer of undertakings .....	38
20.5	European Work Councils.....	38
20.6	The European Company .....	38
<b>21.</b>	<b>Posting of workers .....</b>	<b>38</b>
21.1	Introduction .....	38
21.2	Terms and conditions of employment .....	39
21.3	Contract of employment.....	39
<b>22.</b>	<b>Foreign Workers.....</b>	<b>39</b>
22.1	Introduction .....	39
22.2	Workers from Europe.....	40
22.3	Work-permits .....	40
22.4	Types of Work Permits .....	40
22.5	Temporary Work Permits.....	40
22.6	Unlimited Work Permits.....	41
22.7	Specialist Work Permit .....	41
22.8	Four weeks exemption .....	42
	<b>Agreement concerning Foreigners in the Icelandic Labour Market.....</b>	<b>43</b>
	IMPORTANT ADDRESSES AND WEBSITES .....	46
	LABOUR LAW LEGISLATION .....	48

## **Introduction**

---

The organization of the labour market is characterized by an independent and strong labour movement with power to regulate employment terms through collective bargaining with its main negotiating partner, the Confederation of Icelandic Employers (SA).

The Icelandic labour market is for the most part regulated by means of collective bargaining. Labour legislation is also an important instrument, both as a means to provide the legal framework for trade unions and collective agreements and various employment issues such as pensions, maternity and paternal leave, health and safety at work and other aspects of the employment relationship.

The Icelandic labour market is characterized by its strong and flexible nature and its ability to accommodate well to changing demands for labour resulting from market forces, introduction of new technologies and other factors. In terms of flexibility, the Icelandic labour market generally ranks rather high compared to that of mainland Europe. Rules on hiring and dismissal of workers are rather flexible for instance.

Collective agreements fulfil both their primary function of establishing workers minimum terms of employment as well as establishing a level playing field for companies and at the same time flexible enough to take into account special circumstances and needs of companies.

Wages and other working terms concluded in collective agreements are minimum terms, applying for all workers in the relevant occupation within the area covered by the agreement. Depending on various factors, such as economic development in different occupational sectors, geographic location etc., pay levels can fluctuate from the minimum terms set by the applicable collective agreement.

Every worker and employer is bound by law to respect the applicable collective agreement, regardless of whether they themselves are members of the Unions or associations of employers which undertook to negotiate the agreement.

Fundamental rights of workers are respected in various ways. The Constitution of the Republic of Iceland requires that everyone shall be equal before the law and enjoy human rights irrespective of sex, religion, opinion, national origin, race, colour, property, birth or other status. Men and women shall enjoy equal rights in all respects.

Maternity and parental rights are rigorous and form an important link between working life and family responsibilities of workers.

Iceland is a member of the European Economic Area (EEA) which today unites the 25 EU Member States and the three EFTA States (Iceland, Liechtenstein and Norway) into one Single Market governed by the same basic rules. These rules cover the so-called four freedoms (free movement of goods, capital, services and persons) and competition rules.<sup>1</sup>

Iceland's membership of the EEA has had an important effect on the development of labour law in Iceland. The legal framework within the area of health and safety at the workplace has been strengthened and new regulations introduced in the field of information and consultation of workers.

Iceland is a member of various international organizations such as the International Labour Organization (ILO), the World Trade Organization (WTO) and the Organization for Economic Co-operation and Development (OECD).<sup>2</sup>

### **The Icelandic Confederation of Labour (ASI)**

The role of the Icelandic Confederation of Labour (ASI) and its constituent federations is to promote the interests of trade unions and employees by providing leadership through the co-ordination of policies in the fields of employment, education, environment and labour market issues. ASI furthermore represents the trade union movement at government level in various matters such as the development of labour law, occupational safety, social policy etc.

---

<sup>1</sup> For further information please visit the EFTA website at [www.efta.int](http://www.efta.int).

<sup>2</sup> Iceland is also a member of several regional organizations such as the Nordic Council, Council of Europe and the Council of Baltic Sea States. For more information please contact the Ministry for Foreign Affairs of Iceland and its website at [www.mfa.is](http://www.mfa.is).

ASI is built up of local trade unions of general workers, office and retail workers, seamen, skilled construction and industrial workers, electrical workers and various other professions. These trade unions are affiliated to 6 national federations, which are affiliated to ASI. In addition there are 5 national unions which are directly affiliated to ASI. The two largest trade unions in Iceland are Efling-stettarfelag with approx. 17.000 members and Reykjavik Shop and Office Workers' Union (VR) with approx. 30.000 members. ASI covers workers in the private sector almost exclusively, but also parts of the public labour market.

ASI is a member of various international organizations. These include the Nordisk fackligt samarbejde (NFS), which is an organization of the Nordic Confederations of Labour, The European Trade Union Confederation (ETUC) which was established in 1973, to provide a trade union counterbalance to the economic forces of European integration, and The International Confederation of Free Trade Unions (ICFTU). Individual federations which are affiliated to ASI are themselves members of Nordic, European and international organisations in their respective fields.

Almost 88% of all workers on the private labour market in Iceland are affiliated to their respective trade union.

The Confederation of Icelandic Employers (SA) is responsible on the employer's side for negotiations of collective agreements with unions on wages and working conditions.<sup>3</sup>

### **Tri-partism**

As a result of their extensive representative status on the labour market the social partners have been called upon to play a vital role in establishing good relations on the labour market. The social partners are also at various stages involved in the formulation of social and economic policy.

Several public institutions that deal with labour market issues such as the Administration of Occupational Safety and Health in Iceland, the Directorate of Labour, the Unemployment Insurance Fund and the Centre for Gender Equality are governed not only by representatives of central government, but also by representative of the social partners. The purpose of this arrangement is to establish a consensus between the social partners and the authorities regarding the implementation of the applicable law and to let the social partners contribute to the development of these institutions.

### **The Icelandic economy 2003/04**

In absolute terms gross domestic production (GDP) in Iceland is not very high, only amounting to 811 billion ISK in 2003 (9.4 billion euros). Per capita production, however, is rather high, exceeding 2.8 million ISK (32 thousands euros). By far the biggest portion of total merchandise export is marine products. The fishery industry is therefore of vital importance, although new sectors such as power intensive industry, bio-technology and tourism have grown markedly during the last few years.

The economy went through an expansionary period 1994-2001, followed by a short contraction period in 2002. During the expansionary period real GDP growth rate peaked at 5.7% in 2000 and the inflation rate at 6.7% the following year. During the contraction in 2002 real GDP decreased by 0.5% and the unemployment rate went up to 3.4% the year after. Throughout the period 1994-2002 real wages increased on average by 3.0% per year.

A new business cycle started in 2003. That year it was decided to go ahead with large scale investments in hydro-electric power stations and aluminium smelters. These will bring expansionary pressures on the economy at least until 2005. Thus, in 2003 real GDP is estimated to have grown by about 4.3%. However, as of late 2004 inflationary pressure was already mounting. Even more worrisome is the fact that unemployment rates have not receded significantly since the contraction in 2002.

---

<sup>3</sup> Their website is [www.sa.is](http://www.sa.is).

## 1. Trade Unions

### 1.1 Introduction

The Act on Trade Unions and Industrial Disputes No. 80/1938<sup>4</sup> stipulates the right to establish trade unions and federations of trade unions for the purpose of working jointly for the interests of the working class and wage earners in general.

The purpose of trade unions on the Icelandic labour market is to improve wages and other employment conditions of their members, primarily by representing them in collective bargaining with employers and their federations and promoting their rights through employment legislation. Trade unions are according to Act No. 80/1938 legal contracting parties concerning the wages and terms of their members. The Act states furthermore that agreements between individual workers and employers are invalid to the extent to which these are in conflict with minimum pay and rights as laid down in collective agreements.

Under Act No. 55/1980, all workers are covered as regards minimum rights, by the applicable collective agreements, concluded by the trade unions and employers in each trade within each municipality, irrespective if they are members of the negotiating trade union or not.

### 1.2 Membership of Trade Unions

Trade unions are open to all those working in the trade concerned within the district of each union in accordance with further fixed rules contained in their statutes. Applicants may not be denied membership based on gender, national origin or on other similar grounds. The general level of unionisation is very high in Iceland compared to most countries, or around 88%.

Trade unions are affiliated into national federations which themselves are in turn affiliated to the Icelandic Confederation of Labour (ASI).

#### Federations affiliated to ASI

	Unions	Members
Federation of General and Special Workers (SGS)	29	34.812
The Commercial Federation of Iceland (LIV)	21	24.547
Federation of Skilled Construction and Industrial Workers (Samidn)	20	6.998
Union of Icelandic Electrical Workers (RSI)	10	3.943
Federation of Icelandic Seamen (SSI)	26	3.242
The Icelandic Federation of Food and Restaurant Workers (MATVIS)	5	1.188

In addition there are 5 national trade unions directly affiliated to ASI with approximately 2.544 members.

### 1.3 Worker representation at the workplace

Trade unions are authorized to select their union representatives at the place of work. This right is established under Act No. 80/1938 and further developed in collective agreements. The general rule is that workers have a right to elect one union representative for every place of work employing 5 to 50 workers, and two union representatives, if the number of workers exceeds 50. After the election, the trade union appoints the union representatives.

The role of trade union representatives is to receive and to assess complaints relating to unsatisfactory terms of employment or facilities etc. If they come to the conclusion that complaints are valid, they must forward to the employer or his representative, e.g. a foreman, a complaint or a claim for amendment.

<sup>4</sup> This Act has undergone various subsequent amendments.

Union representatives are permitted to call a meeting with the workers in the workplace twice a year during working hours. The meetings must be called in consultation with the relevant trade union and the management of the enterprise.

Union representatives retain full normal wages based on regular working hours, despite the fact that they have to leave work on account of their duties as union representatives.<sup>5</sup>

Employers and their representatives are not permitted to terminate the employment of trade union representatives on account of their status as such or to let them in any way suffer for the fact that a trade union has charged them with discharging these duties for the union. In case an employer plans to reduce the number of workers a trade union representative is, other things being equal, to have priority in retaining his job.

#### **1.4 Priority clauses**

Priority clauses are included in collective agreements concluded on the Icelandic labour market. The content of the most common is as follows: „Employers undertake to allow workers who are full members of the relevant trade union to have priority regarding all general work when this is demanded and union members who are fully capable of doing the work involved are available.“ If there are no workers available who are members of the respective trade union the employer is free to hire non-union workers. Priority clauses are deemed to be compatible with Article 74 of the Icelandic Constitution, on freedom of association.

#### **1.5 Strikes**

Trade unions and employers' associations are authorized to declare strikes and lockouts for the purpose of working for the advancement of their demands in industrial disputes and for the protection of their rights under the Act No. 80/1938, subject only to the conditions and limitations which are laid down in law.

The term „work stoppage“ refers to lockouts by employers and strikes in which workers discontinue their normal work to some extent or in its entirety in order to achieve a specific common goal. The same applies to other comparable measures taken by employers or workers, which may be regarded as the equivalent of work stoppages.

Act No. 80/1938 establishes an important restriction on the right to call a strike, namely that it is not permissible to call a strike in case a dispute between workers and their employer only concerns items on which the Labour Court is empowered to decree. One of the functions of the Labour Court is to pass judgments in cases arising on account of charges concerning violations of a collective agreement or due to disagreement relating to the interpretation of a collective agreement or its validity.

This in fact means that when a collective agreement has been signed the negotiating trade union or unions waive their right to strike inasmuch as the conditions established in the collective agreement are fully respected. Under normal conditions strikes are therefore only used as a bargaining tool by the trade union when negotiating a new collective agreement. Strikes are in those circumstances permitted under the law, only if the decision to call a strike has been taken by secret ballot with the participation of at least 20% of those on voting and/or membership list, and the proposal receives the support of the majority of votes cast. A proposal for a strike must state clearly the aim it is intended to achieve and when it is proposed to begin. Secret postal ballot may also be used for a proposal to call a strike, in which case the result is considered valid irrespective of the participation rate.

A negotiating committee or the competent representatives of the contracting parties may at all times cancel a work stoppage. The same parties may postpone a work stoppage that has been called, once or more often, by up to 28 days in total, without the approval of the opposite contracting party, providing that party is informed of the postponement with at least three days' notice. It is also always possible to postpone a work stoppage that has been called, and a work stoppage that is in progress, with the approval of both parties.

Formal announcement of industrial action must be sent to the State Mediator and the employer with 7 days notice. Individual strikers are not eligible for unemployment benefits.

---

<sup>5</sup> See also Chapter 20.2 on safety representatives.

Industrial action is not allowed over disputes, which fall under the jurisdiction of the Labour Court, mostly regarding interpretation of collective agreements.<sup>6</sup>

### **1.6 Political rights of workers**

Employers, foremen and others representatives of employers are required by Act No. 80/1938 not to attempt to influence the political views of their workers, their attitude to dealing with trade unions or political association or industrial disputes by:

- Notice of termination of employment or threats of such notice.
- Monetary payments, promises of profit or refusal to effect just payments.

### **1.7 Union funds**

Employers are required to deduct from the wages of their workers their contributions payable to the trade union in question, according to such rules as specified in the applicable collective agreements. This obligation is based on Act No. 55/1980 and collective agreements. Union fees are determined by Trade unions and are usually 1% of the worker's wages.

All employers are furthermore according to Act No. 55/1980, obliged to pay into sickness benefit funds and holiday allowance funds of trade unions such premiums that are specified in collective agreements.

This legal obligation applies to all workers and employers who operate within the occupational and geographical area of the applicable collective agreement.

## **2. Collective bargaining**

---

### **2.1 Introduction**

Collective bargaining in Iceland is governed by Act No. 80/1938 which empowers trade unions to negotiate agreements with employers concerning the wages and other terms of employment of their members.

Collective agreements are according to Act No. 55/1980 automatically binding on all workers and employers who operate within its occupational and geographical area. It is therefore not a condition for the general applicability of a collective agreement that every worker is member of the signatory trade union or that those who employ them are members of the negotiating partner on the employers side, which is usually the Confederation of Icelandic Employers (SA).

Collective agreements are furthermore generally binding irrespective of the nationality of workers or their employers.

Each national federation negotiates at least one general collective agreement with SA which applies to work and other employment terms within its occupational area. Additional agreements are also negotiated by individual trade unions where local conditions are taken into account.

### **2.2 Occupational coverage**

The occupational coverage of collective agreements is linked to the signatory trade unions and covers under Act No. 55/1980, all work that is customarily performed by workers who are members of the signatory union or is performed by workers engaged in the same type of work that the agreement applies to.

### **2.3 Geographical coverage**

The district of a trade union must according to Act No. 80/1938 never be smaller than a municipality.<sup>7</sup> The district can also be more than one municipality. The constituency of some trade unions extends to every part of the country.<sup>8</sup>

---

<sup>6</sup> See also Chapter 2.8 on Industrial Peace.

The geographical coverage of a general collective agreement negotiated by a trade union must at least one municipality.

## **2.4 Content of collective agreements**

The content of collective agreements can in general be divided into three main categories. The first category involves rates of pay depending on various factors, divided into day-time and over-time rates, and the influence of other factors such as type of work, age, work experience etc.

The second relates to holiday payments, working hours, minimum daily and weekly rest, shift-work, workers' health and safety in the workplace, meal and coffee breaks, payments in cases of illness and work-related accidents, arrangement of working clothes, payment of union fees, choice and duties of trade union representatives etc.

The third part concerns term of the agreement and in some cases dispute resolution of the negotiating parties and impact of changes in the underlying economic factors such as price increases, inflation levels which can influence the expected outcome of real-wages during the time of validity of the agreement and its period of validity.

## **2.5 Types of agreements**

### **2.5.1 General collective agreements**

The most common form of collective agreements is joint collective agreements negotiated on behalf of several or all unions belonging to the same national federation.

### **2.5.2 Special collective agreements**

General collective agreements are in several occupational sectors supplemented with agreements negotiated by individual trade unions at local-level with particular companies, where special conditions and working arrangements are taken into account.

The period of validity of these types of agreements is usually linked to the validity of the general collective agreement which it adheres to.

### **2.5.3 Enterprise agreements, supplementing collective agreements.**

Incorporated into all collective agreements is a chapter called „Company-related parts of collective agreements“ which is defined as an agreement within the general agreement concluded between a particular firm and its workers, all of them or a specified group thereof, affiliated to one or more unions, concerning the alignment of a wages and terms agreement to the requirements of the place of work. The goal of the company-related agreement is to enhance the cooperation of employees and executives in the workplace, with the aim of making adjustments to improve the wage conditions with more productivity.

The goal is furthermore to evolve agreements so that they benefit both parties. One of the goals is for example to shorten the working hours while achieving the same or more productivity. It shall always be underlined that the sought after benefit is to be divided between the employees and the company in accordance with clear pre-conditions.

The subject of this type of agreement can cover various issues, including flexible daytime work, a four-day work week, shift-work, postponement of weekly day off rest so that consecutive days off be taken over a period of 14 days, production related payment system etc.

An enterprise agreement, which is concluded in such a manner, does not constitute a collective agreement, as the employers' associations and trade unions are not parties to the agreement. They can, nevertheless, be called upon to participate in discussions as advisors. Union representatives at the work-place act as spokesmen for workers in the course of discussions with the firm's executives.

---

<sup>7</sup> For information about local authorities in Iceland please visit the website of The Association of Local Authorities in Iceland: [www.samband.is](http://www.samband.is)

<sup>8</sup> See information in Chapter 1 on trade unions that are directly affiliated to ASI.

#### **2.5.4 Cross-sectoral company agreements**

In some cases one collective agreement which covers all workers engaged in work for particular worksites or companies, is negotiated on behalf of several trade unions belonging to more than one federation.

Such agreements take special account of the particular conditions at these worksites or companies, both from the perspective of prospective workers and the company. Agreements of this nature have been concluded for a number of large industrial companies such as aluminium companies and for hydro electrical power plant projects.

#### **2.6 Period of validity**

Collective agreements are in practice concluded for a specific period of time. If a new agreement is not concluded before it expires, the terms of the old agreement apply until a new agreement has been signed. Collective agreements have in recent years been concluded for a period of up to 3 and 4 years. Collective agreements which were negotiated on private labour market in the spring of 2004 are in most cases valid until the end of 2007.

#### **2.7 Casting of votes**

A collective agreement is usually valid from the day it is signed unless otherwise agreed, unless it is rejected by a majority vote in a secret ballot held within four weeks of the date of signature. For a valid vote, at least one fifth of those on the voting roll or membership register must participate.

If a general secret postal ballot is held, its result is however valid irrespective of the participation rate.

If the agreement applies to only part of the union members or workers of an enterprise, it may be stipulated in the agreement that these persons only shall hold the right to vote on it, provided it is stated clearly how the ballot is to be held.

If two or more trade unions are involved in a collective agreement, workplace agreement, for members at the same place of work, it must be put jointly to a ballot involving all the members to whom it applies.

#### **2.8 Industrial Peace**

Act No. 80/1938 states that disputes regarding interpretation of collective agreements are to be referred to Labour Court in Reykjavik.

When a collective agreement has been signed the negotiating trade union or unions waive their right to strike inasmuch as the conditions established in the collective agreement are fully respected.

### **3. Access to the labour market**

---

#### **3.1 Introduction**

Employers are generally free to choose which employees they hire. They must however respect certain requirements provided for in law and collective agreements.

These requirements include rules prohibiting discrimination between applicants for work on the basis of gender, age limits in case of young workers, professional qualifications in a number of occupations and restrictions on the employment of foreign workers.

#### **3.2 Employment services**

Several public regional employment offices are operated throughout the country. They provide, free of charge, services to people seeking employment and to employers in search of labour.

Private employment agencies are allowed to operate on the condition that the services rendered are free of charge for individual job seekers.

The services of public and private employment agencies are increasingly provided by means of the Internet.

### **3.3 Discrimination**

Employers are prohibited from discriminating between applicants for work on the basis of gender. The same applies for promotion, changing of position, continuing education, vocational training, study sabbaticals, dismissal, employee's working conditions and the working environment.

It is furthermore prohibited to advertise, or publish an advertisement for a vacant position indicating that an employee of one sex is preferred over the other. This does not apply, however, if the aim of the advertiser is to promote a more equal distribution of the sexes within an occupational sector, and shall then be indicated in the advertisement. The same rule applies if there are legitimate reasons for advertising only for one of the sexes.

### **3.4 Age limits**

According to rules regarding health and safety of young workers, limitations are set to the type of work, working environment and working time of people under the age of 18. Children may for example only be employed after reaching the age of 14 years and then only for light work.

A specific retirement age for workers is not provided for in law or collective agreements in the private sector labour market. Retirement age can be said to be governed by rules relating to right to retirement payments. Entitlement to old age pension is for the majority of workers set at the age of 67 years. Workers have the option of early retirement at the age of 65 or to postpone their retirement to the age of 70. Seamen are however entitled to old age pension at the age of 60.

### **3.5 Regulated professions**

Access to certain professions is restricted to persons holding a professional degree in the relevant field or to those having obtained a particular qualification. This applies in many fields of industry, in health services, engineering etc.<sup>9</sup>

### **3.6 Foreign workers**

The Icelandic labour market is open to foreign workers who fall under the rules of the EEA-Agreement. Workers from outside Europe are required to work under a temporary or unlimited work permit according to the Foreign Nationals' Right to Work Act.<sup>10</sup>

## **4. Contract of employment**

---

### **4.1 Introduction**

General principles of contract law apply to the formation of employment contracts in Iceland. A contract of employment may be entered into verbally, but should be in writing as a proof of its existence and of individual terms of the employment relationship.<sup>11</sup>

### **4.2 Incorporation of collective rights**

The terms in the applicable collective agreement are regarded as incorporated into the contract of employment of individual workers falling within its scope of application. These include the basic provisions, such as minimum rates of pay and other fundamental terms such as the right to holiday and paid leave, payment of wages during sickness etc.

Parties to an individual contract of employment cannot legally enter into an agreement that provides for poorer terms than those provided for in the collective agreement that applies to the workers and his employer.

---

<sup>9</sup> For further information please contact the relevant Ministry. Gateway: [www.government.is](http://www.government.is)

<sup>10</sup> For further information please go to chapters 21 and 22.

<sup>11</sup> Employment contract forms, both in Icelandic and English, can be obtained from the ASI website at [www.asi.is](http://www.asi.is).

### **4.3 Written statement or contract of employment**

If a worker is hired for longer than one month and on average for more than 8 hours per week, a written contract of employment must be made, or employment confirmed otherwise in writing, no later than 2 months after the work began.<sup>12</sup>

The statement/contract must include the following information:

1. The identities of the parties.
2. The place of work and domicile of employer; where there is no fixed or main place of work, the principle that the worker is employed at various places.
3. The title, grade, nature or category of the work for which the worker is employed, or a brief specification or description of the work.
4. The date of commencement of the contract or employment relationship.
5. In the case of a temporary contract or employment relationship, the expected duration thereof.
6. Entitlement to holidays and holiday allowance.
7. The length of the periods of notice to be observed by the employer and the worker.
8. The monthly or weekly pay, other component elements and the frequency of payment of the remuneration to which the worker is entitled.
9. The length of the worker's normal working day or week.
10. Pension Fund.
11. The collective agreement governing the employee's conditions of work and Trade Union.

The information referred to in points 6 to 9 may be given in the form of a reference to the collective agreement governing those particular points.

Where the employment relationship comes to an end before expiry of a period of two months as from the start of work, the information mentioned above must be made available to the worker at the end the relationship.

### **4.4 Changes in terms of employment**

Any change in the details referred to in 4.3. must be the subject of a written document to be given by the employer to the employee at the earliest opportunity and not later than one month after the date of entry into effect of the change in question. This not compulsory in the event of a change in laws or collective agreements cited in the employment contract.

An employer who wishes to change terms of employment to the detriment of the worker, e.g. lower wages, introduce new working hours etc., must respect notice periods provided for under the applicable collective agreement that otherwise governs the relationship.

### **4.5 Termination of contract**

A contract of employment can be terminated by the employer or the worker giving the notice of termination required by collective agreements. There are, however, a number of important derogations from this principle which restrict the freedom of the employer to end the employment relationship.<sup>13</sup>

---

<sup>12</sup> These rules are based on Council Directive 91/533/EEC on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship.

<sup>13</sup> See Chapter 18 for further information.

## **5. Wages**

---

### **5.1 Introduction**

Act No. 55/1980 states, that wages and other working terms agreed between the social partners in collective agreements are minimum terms, independent of sex, nationality etc., for all workers in the relevant occupation within the area covered by the agreement.

The minimum wage is therefore negotiated in each sector of the labour market by the social partners and can therefore differ between occupational sectors.

Employers must observe the rates fixed in the applicable collective agreement when they negotiate contracts of employment with individual workers, since they otherwise give reason for liability for breach of the agreement. Wages are determined as weekly or monthly wages.

Collective agreements usually set minimum wages to those 18 years of age or more. For information about wage rates please contact the trade union or the federation it belongs to.<sup>14</sup>

Pay scales negotiated in collective agreements do not in every sector and at every given time reflect the wages that are actually paid in the labour market. This is a feature of the Icelandic wage formation system and common for most industrial workers, office workers and various professionals.

The Institute of Labour Market Research regularly collects information on wages actually paid in various sectors of the labour market.<sup>15</sup>

### **5.2 Time rates**

Wages are, according to collective agreements, calculated according to the numbers of hours worked, divided into daytime and overtime. Hours of daytime work are usually 40 hours pr. week, divided into five 8 hours working days from Monday to Friday, and wages determined as weekly or monthly wages.

Collective agreements negotiated by trade unions affiliated to SGS define full-time work as 173.33 working hours per month (40 hours per week).

In comparison the full-time work for sales clerks according to collective agreements negotiated by trade unions affiliated to LIV<sup>16</sup>, is measured as 171.15 working hours per month (39.5 hours per week). For office workers the working hours per month is measured as 162.5 hours.

Work exceeding these limits is paid as percentage of the daytime rate and paid as overtime.<sup>17</sup> Wages for overtime are defined as an hourly pay equalling 1.0385% of the monthly wages for day work. Overtime calculated in this manner on top of daytime pay is minimum wage for work done during overtime periods. Special provisions apply in collective agreements negotiated by trade unions affiliated to LIV.<sup>18</sup>

### **5.3 Additional forms of remuneration**

Collective agreements contain various other forms of remuneration, such as:

**Holiday allowance.** The legal minimum vacation pay is 10.17% of all wages, both for daytime and overtime work. Collective agreements provide for a higher percentage depending on length of service.<sup>19</sup>

**Christmas and vacation premium.** Collective agreements provide for the payment by employers of a fixed sum payable in December (Christmas bonus) and a Holiday bonus payment payable from 1 May to 15 August on top of ordinary holiday allowance. Those who work part-time or only a part of the year receive these premiums proportionally.

---

<sup>14</sup> See end of this booklet for addresses.

<sup>15</sup> Please visit their website at [www.kjara.is](http://www.kjara.is) or [www.hagstofa.is](http://www.hagstofa.is).

<sup>16</sup> The Commercial Federation of Iceland (LIV). Please visit their website at [www.landssamband.is](http://www.landssamband.is)

<sup>17</sup> Collective agreements negotiated by trade unions affiliated to SGS define full-time work as 173.33 working hours per month (40 hours per week).

<sup>18</sup> For more information please contact VR. Further information is also available on their website at [www.vr.is](http://www.vr.is).

<sup>19</sup> See chapter 8 for further information.

**Special holidays.** Work performed on special holidays is remunerated with additional pay defined as an hourly pay equalling 1.375% of the monthly wages for day work.<sup>20</sup>

**Paid sickness leave.** Workers are entitled to their wages for a limited time when they fall sick or have an accident.<sup>21</sup>

**Shift-work rates.** Workers working shift work are entitled to an extra payment which is usually calculated as a percentage on their normal wages.

**Bonuses.** Bonus payments and other types of premium payments are a common part of collective agreements in many industries.

## **5.4 Fixed monthly salary**

In many industries and service sectors it is customary for workers to receive a fixed monthly salary. This is for example common for those holding managerial positions, professionals and office workers. In some cases this allows for some flexibility in working hours.

# **6. Pay statement**

---

## **6.1 Introduction**

Collective agreements require that payment of wages must be accompanied with a written pay statement (pay-slip). Workers are entitled to ask their union representatives to check whether their wages and deductions made by their employer are calculated correctly.

## **6.2 Particulars of a written pay statement**

A written pay statement must at least include the following information:

- Name and address of the employer and name of the worker.
- The period of time or the work for which the worker is being paid.
- The gross amount of the wages, broken into daytime work, overtime, etc.
- The rate of wages to which the worker is entitled and the number of hours worked.
- Deductions and the purposes for which they are made, e.g. personal income tax, pension funds contributions<sup>22</sup> and trade union fees.
- Holiday pay.
- Any bonus, allowance or other payment to which the worker is entitled.
- Accumulated right for time-off due to reduced hours of rest.
- The net amount of money being paid to the worker.

## **6.3. Payment**

Wages on the Icelandic labour market are usually paid directly into the worker's bank account, but can also be paid directly with checks or money.

Collective agreements usually state that wages are to be paid monthly on the first day after the month ends for which the wages is being paid.

Wages are in some sectors paid on a weekly or bi-weekly basis.

---

<sup>20</sup> See Chapter 8 for further information.

<sup>21</sup> See chapter 11 for further information.

<sup>22</sup> For information on pension funds contributions see chapter 15.

## 7. Personal income tax

### 7.1 Introduction

Workers are subject to state and municipal income taxes.<sup>23</sup> Taxable income of workers is comprised of wages and salaries, employment-related benefits, old-age pensions, social security payments, grants etc.

Income tax for the assessment year 2004 is 25,75%. The municipal tax ranges from 11,24% - 13,70%. Special income tax 7.00% is levied on annual income exceeding ISK 3.980.000.

### 7.2 A tax free income allowance

A tax-free income allowance (personal tax credit) is deducted from earnings before tax (state and municipal) is calculated. Tax is only due on the balance. The total personal allowance for the tax year 2004 is 329.948 ISK which means a basic tax-free income of 27,496 ISK per month in 2004. Once that income has been earned in any given month, a 38.58 per cent tax rate is applied to all subsequent income.

The monthly tax-free income allowance is transferable between months inside the calendar year but not between years. The tax-free income allowance is also 100% transferable between spouses. Workers must apply for a tax card to be eligible for the tax-free income.

In the following example the full amount of wages for one month is set to 200.000 ISK. A 4% pension contribution by the worker is deducted from the tax base, in this case 8.000 ISK.

Tax base	192.000
Tax rate	38,58% (state and municipal)
Tax	74.074
Tax-free income allowance	- 27.496
Tax due	46.578

Source: Internal Revenue Directorate.

Seamen get a special tax reduction of 746 ISK per day, in 2004.

### 7.3. Payment of taxes

The collection of individual income taxes (state and municipal) on employment income takes place at source each month during the income year. Final assessment takes place on the basis of the tax return by July 31st of the year following the tax year. The tax year is the calendar year.

### 7.4 Social security contributions

Employers pay monthly social security contributions on all remuneration paid for dependent personal services and presumptive employment income of the self-employed. The general rate in 2004 is 5.64%. Employers pay in addition a 0,04% contribution for the financing of the Wage Guarantee Fund (insolvency of employers) and a market fee of 0,05%, totalling 5,73%.

### 7.5 The Internal Revenue Directorate

For further information on tax issues in Iceland, please contact the Internal Revenue Directorate (RSK) or local tax authorities.<sup>24</sup>

<sup>23</sup> Resident individuals are subject to unlimited tax liability on all their income, wherever earned. As a general principle, any individual staying in Iceland for 6 months is considered a resident.

<sup>24</sup> The Internal Revenue Directorate publishes information in English and Danish about income and capital taxation of corporations and individuals in Iceland on its website at [www.rsk.is](http://www.rsk.is).

## **8. Holidays and holiday allowance**

---

### **8.1 Introduction**

All those who are in the paid employment of others, have the right to holidays, and a holiday allowance, according to the rules contained in the Holiday Allowance Act No. 30/1987.

The Act sets minimum rights in this area, which have improved upon in collective agreements.

### **8.2 Number of holidays**

The Act provides for a minimum of two days' holiday for each working month during the past holiday allowance year, two weeks or more constituting one month in this respect, shorter periods not being counted. The holiday allowance year is from May 1 to 30th April. The minimum vacation is therefore 24 working days.

Collective agreements contain provisions on broader leave entitlement according to the worker's length of service. There are examples in which workers acquire the right to take 28 days of paid leave after 10 years of service for the same employer.<sup>25</sup>

Absence from work due to illness or accident while the worker is receiving wages, or is on holiday, constitutes working hours for the purpose of calculating the number of holidays. Sundays and other public holidays do not count as holidays in this respect, nor the first five Saturdays during holidays.

### **8.3 Holiday allowance**

Workers are under the Holiday Allowance Act entitled to a holiday allowance consistent with holiday rights accrued during the past holiday allowance year. The Act stipulates that holiday allowance is to be calculated at the time of each wage payment, with a minimum of 10.17% based on the minimum holiday period.

**Calculation of holiday allowance.** The Act stipulates that calculated holiday allowance for each wage period shall be related to wages with the amount of accrued holiday allowance being divided by the worker's daytime wage. Accordingly, the holiday allowance for each wage period is calculated in daytime working hours and stated specifically on the pay slip at the time of each wage payment, both the total of accrued holiday allowance from the beginning of the year and holiday allowance for the period in question. The accrued holiday allowance must be paid to the worker on the last workday before the beginning of his holidays, consistent with the daytime wages of the worker on the first day of his holidays.

**Holiday allowance account.** Trade unions may agree to have the holiday allowance paid regularly into a special holiday allowance account in the name of the worker at a commercial or savings bank. Under such an agreement, it must be ensured that the party undertaking to safeguard the holiday allowance will pay the accrued holiday allowance to the employee in question, i.e. the principal along with interest, at the beginning of his holiday. A copy of any such agreement must be submitted to the Ministry of Social Affairs.

**Workers receiving a monthly salary.** Holiday allowance may be paid out to workers receiving a monthly salary at the same time as regular wage payments are made, if the majority of the workers in question agree to this. This means that the workers receive their holiday allowance in the form of a normal monthly salary when they go on holiday.

### **8.4 Holiday period**

Holiday is to be granted during the period 2 May to 15 September each year (summer holiday period), but the social partners may make provisions in collective agreements for leave to be taken at other times of the year when particular operating circumstances render this necessary. Nevertheless, workers shall at all times be given the right to take at least 14 days' leave during the summer holiday period.

The employer determines, in consultation with his workers, when holiday is to be granted, within the period 2 May to 15 September each year. The employer has to comply with the

---

<sup>25</sup> Collective agreement between VR and SA (2004).

wishes of his workers, to the extent possible, as to when holiday is granted, taking into account the operations of his company. After the employer has ascertained the wishes of his worker, he must, as soon as possible and at the latest one month before the beginning of the holiday, announce when they are to begin, unless special circumstances make this impossible.

In order to defend the purpose of the holiday, the worker may not forfeit his time off and take pay or other benefits instead during the employment relationship.

### **8.5 Holiday outside the holiday period**

Those, who at their employer's request, do not take their holiday during the appointed summer holiday period, i.e. during the period from 2 May to 15 September each year, receive a 25% extension on the portion of the holiday taken outside the holiday period or equivalent payment.

### **8.6 Worker falls sick before or during vacation**

If the worker is unable to take his holidays at the time determined by his employer, he must, according to the Holiday Allowance Act, submit proof of his inability to do so by presenting a medical certificate to this effect. The employee may then demand to be granted holiday at another time but not later than will enable him to complete his holidays before the next 31st May.

If a worker falls ill during his holiday, so seriously that he is unable to enjoy his vacation, time off due to illness does not count as part of his holiday, provided he produces a medical certificate. The same applies if a worker is taken ill and must be hospitalized, for one or more days during his holiday in a country within the EEA, United States of America or Canada. If the worker fulfils his obligation to inform his employer and if he is ill for more than 3 days in Iceland or 6 days within EEA, United States of America or Canada he is entitled to supplementary vacation for the same number of days as he was ill.

Supplementary vacation must as far as possible be granted during the period May 2nd, until September 15th, unless special circumstances apply. The rights of workers in this regard are set in collective agreements.

### **8.7 Employment terminated**

If an employment contract is terminated, the employer is required, at the end of the employment relationship, to pay to the worker all his accrued but unpaid holiday allowance.

### **8.8 Special holidays**

Special holidays are New Year's Day, Good Friday, Easter Sunday, White Sunday, 17<sup>th</sup> of June (Icelandic Republic Day), The day before Christmas (Christmas Eve) after 12 am., Christmas day and the last day of the year (New Year's Eve) after 12 am.

Work performed on these days is normally remunerated with a special holiday pay. If those days fall within the normal work day or work schedule and work is not performed, a normal daytime pay for 8 hours is usually paid.

### **8.9 Public holidays**

Public holidays are Maundy-Thursdays, Easter Monday, Resurrection day, First day of summer (April), Labour Day (May 1), White Monday, Boxing Day and Bank Holiday (First Monday in August).

Work performed on these days is normally remunerated with overtime pay. If those days fall within the normal work day or work schedule and work is not performed, a normal daytime pay for 8 hours is to be paid.<sup>26</sup>

### **8.10 Transfer of public holidays**

Employers and their workers can agree to transfer holidays which fall on Thursdays (Resurrection day and First day of summer) onto the next working day, for example Friday

---

<sup>26</sup> Please contact the relevant trade union for more information.

or Monday, or connect them to other holidays. The purpose of such an arrangement is to establish in these cases a working week of at least 4 consecutive working days.

## **9. Working time**

---

### **9.1 Introduction**

Act No. 46/1980 on Working Environment, Health and Safety of workers lays down general minimum safety and health requirements for the organization of working time, in respect of maximum weekly working time, periods of daily and weekly rest, breaks during the day, aspects of night work, shift work and patterns of work.<sup>27</sup>

The Administration of Occupational Safety and Health (VER) is responsible for the enforcement of this Act.

Collective agreements also contain rules within the general framework set by the Act but relative to various occupational sectors.

### **9.2 Maximum weekly working time**

The Act stipulates that the average maximum weekly working time over a 4 month reference period shall not exceed 48 hours per each seven-day period, including over-time. Working time is in this context defined as active working time.

The maximum weekly working time, may be averaged based on a collective agreement, over a reference period not exceeding 6 months. In exceptional cases this period can be extended to 12 months.

### **9.3 Daily time of rest**

Working time for each 24 hour day must be organized in such a way as to provide at least 11 hours of consecutive rest for the worker. If possible, the daily time of rest should fall between 11pm and 6am.

It is unlawful for employers to organize longer than 13 hour workdays.

When special circumstances demand that an exception be made to the rules regarding daily resting time the following applies: If workers are specifically asked to come to work before the 11 hour time of rest is over, it is allowed to postpone the rest and grant it later so that the right to time off from work, 1.5 hours (day work), accumulates for every hour of rest reduction. It is allowed to pay 0.5 hours (day work) of the right for time off if a worker so wishes.

Exception is also allowed in case of shift work activities, each time the worker changes shift and cannot take daily and/or weekly rest periods between the end of one shift and the start of the next one. In this case, daily resting time may be reduced to 8 hours.

Shift work is defined as any method of organising work in shifts whereby workers succeed each other at the same work station according to a certain pattern, which may be continuous or discontinuous.

Workers are also entitled to a break of at least 15 minutes from work during a working day of more than 6 hours. Coffee and meal breaks are considered to be breaks.<sup>28</sup>

### **9.4 Weekly day off**

For every 7 day period a worker shall have at least one day off from work, which is directly connected to daily resting time. Monday is the first day of the week, in this respect.

If possible, the weekly day off shall fall on a Sunday and, if possible, every worker of a given company shall have that day off.

---

<sup>27</sup> These rules are based on Directive 93/104/EC concerning certain aspects of the organization of working time, and subsequent amendments in Directive 2000/34/EC.

<sup>28</sup> See Chapter 10 for further information.

If necessary, and after consultation with its workers, a company may postpone the weekly day off where special reasons make such an exception unavoidable.

If there is a special need to organize the work in a way that calls for the postponement of the weekly day off, a special agreement shall be made to that effect.

## **9.5 Night workers**

Night workers are those who work more than three hours between 11pm and 6am as a regular part of their job.

Employers are required to take all reasonable steps to ensure that the 'normal' hours of their night workers do not exceed 8 hours in every 24 hours.

Night workers are entitled to a free health assessment before their assignment and thereafter at regular intervals. Night workers suffering from health problems recognized as being connected with the fact that they perform night work have the right to be transferred whenever possible to day time work to which they are suited. The free health assessment must comply with medical confidentiality and must be conducted within the national health system.

In cases where night work involves special hazards, heavy physical or mental strain, no more than 8 hours in any 24 can be worked.

---

## **10. Lunch and Coffee breaks**

### **10.1 Introduction**

Lunch and coffee breaks of workers are regulated in collective agreements. These rules cover the length of these breaks, whether they are paid or not and if they can be reduced etc.

### **10.2 Lunch breaks**

The duration of a lunch break varies between sectors of the labour market, from 30 minutes to 1 hour, taken between 12:00 and 14:00 and is not counted as normal working time.

### **10.3 Coffee breaks**

Workers are usually entitled to two coffee breaks during daytime work that shall be taken before and after noon. The length of each coffee break ranges from 15 to 35 minutes, depending on the applicable collective agreement.

Coffee breaks during daytime count as normal working time and are paid.

Collective agreements allow for workplace agreements where one or both coffee breaks are skipped or reduced, given that the working time is reduced by the same measure.

### **10.4 Work during lunch and coffee breaks**

Work shall only be performed during lunch and coffee breaks provided that the workers are willing to do so. If lunch or coffee breaks are worked during the day they count as overtime and must be paid as such.

Lunch and coffee breaks which are taken during performance of overtime are reckoned as working time and paid for in addition to the working period by means of overtime.

## 11. Absence from work due to illness

### 11.1 Introduction

A worker, who is unable to perform his normal duties at work due to illness or accidents occurring in the worker's free time,<sup>29</sup> is entitled to wages paid by his employer for a limited period of time.

Minimum rights of workers are regulated in the Act Respecting Labourers' Right [...] to Wages on Account of Absence through Illness and Accidents No. 19/1979, and further improved upon in collective agreements.

### 11.2 Statutory rights

Act No. 19/1979, provides workers with basic rights in case of absence from work due to illness or accidents occurring in the worker's free time.

The minimum rights during the first year of service with an employer are 2 days in respect of each month. After one year of employment an worker is entitled to total wages for 1 month out of every 12 months, after three years with the same employer 1 month of total wages and 1 month with day wages out of every 12 months, and finally after five years with the same employer 1 month of total wages and 2 months with day wages out of every 12 months.

### 11.3 Collective rights

Collective agreements provide for additional rights in case of absence from work due to illness. These rights vary depending on the applicable collective agreement.

#### Trade unions belonging to SGS<sup>30</sup>

During the first year	2 days earned for each month worked
After one year	1 month full wages
After two years	1 month full wages and 1 month on daytime wages
After three years	1 month full wages and 2 month on daytime wages
After five years (1)	Bay Area Unions (incl. Reykjavik) = 1 month full wages and 3 months daytime wages.
After five years (2)	SGS = 1 month full wages, 1 month on daytime wages plus all bonus payments and 2 months on daytime wages.

#### Trade unions belonging to LIV

During the first year	2 days earned for each month worked
After one year	2 months every twelve months.
After five years	4 months every twelve months.
After ten years	6 months every twelve months.

#### Members receiving a monthly pay

During the first year	2 days earned for each month worked.
After one year	2 months every twelve months.
After five years	4 months every twelve months.
After ten years	6 months every twelve months.

#### Trade unions belonging to SAMIDN

During the first 6 months	2 days earned for each month worked.
After 6 months	1 month full pay.
After 2 years	1 month full pay + 1 month daytime wages.
After 3 years	1 month full pay + 2 months daytime wages.

<sup>29</sup> See chapter 12 for work related accidents.

<sup>30</sup> Please note that these federations also negotiate collective agreements on behalf of their members who work for the government and various public institutions.

**Trade unions belonging to RSI and MATVIS**

During the first year	2 days earned for each month worked.
After one year	1 month full pay.
After three years	2 month full pay.
After five years	2 months full pay + 1 month daytime wages.

**11.4 Accruing of rights during absence**

The employer is required to continue salary payments while the worker is absent. Pension, social security benefits, and seniority continue to accrue during a worker's absence. The employer must continue to pay the same share of contributions as if the worker was not absent.

**11.5 Transfer of acquired rights**

Acquired rights of workers to paid sickness leave can be transferable between employments and employers. If the worker has worked a number of years for his previous employer and accrued rights to a considerable sickness leave they become partly transferable to his new employer. This right is normally contingent on that the worker reassigns within 12 months of leaving his former employment and that he claims this transferred right against his new employer when entering into contract of employment with him.

**Examples**

<b>SGS</b>	After 5 years of employment – transfer of 2 months.
<b>LIV</b>	After 5 or 10 years of employment – transfer of 2 months.
<b>RSI</b>	After 5 years of employment - transfer of 1 month.
<b>SAMIDN</b>	After 3 years of employment – transfer of 1 month.
<b>MATVIS</b>	After 3 years of employment – transfer of 10 days.

**11.6 Union Sickness Fund**

A worker, whose rights for sickness payments against his employer have expired, is entitled to payments from his Union Sickness Fund. The benefits that these funds provide vary however between individual Trade Unions.

**11.7 Attending sick children and other compelling family reasons**

Collective agreements provide parents that have worked for one month, with a total of 7 workdays out of every 12 months to attend to their sick children under 13 years of age, provided that sufficient attendance cannot be arranged in another way. After a year of service with the same employer, parents are likewise permitted to devote a total of 10 days to attend to their children under 13 years of age.

During this time the parent has the right to full wages for day time work, including shift premiums when applicable.

Workers are entitled to a leave from work due to unforeseen and grave reasons (force major) or when it concerns very serious sickness or accident in his family that requires his immediate presence. Workers do not have the right to payment of wages in this case.

**12. Accident at work**

---

**12.1 Introduction**

The rights of workers in cases of work-related injuries when the worker can not hold the employer accountable, his subordinates or others whom he is responsible for are regulated in the Act Respecting Labourers' Right [...] to Wages on Account of Absence through

Illness and Accidents No. 19/1979, and further improved upon in collective agreements. Those rights are sickness pay<sup>31</sup> and in addition, day-time wages for up to three months.

## **12.2 Additional wages for up to three months**

In addition to sickness pay, in each case of a work related accident or occupational disease that is caused by the worker's work, is a direct consequence of his work, or occurs during the worker's journey back and forth from the place of work, the concerned employer is required to pay wages for up to three months according to the worker's day-time wages at the time the accident or sickness occurred, provided all payments from the social security and/or from the national health insurance are paid directly to the employer.

## **12.3 Medical expenses**

If a work related accident occurs, the employer must pay for the transport of the injured worker to his home or to a hospital. The employer must refund the worker all normal medical expenses in each case, provided that this cost is not refunded by the worker's health insurance or social security.

## **12.4 Insurance for death, accident and disability**

Employers have a duty under collective agreements to insure their workers against death, permanent disability or temporary disability caused by an accident at work or on a normal journey from home to the place of work and from the place of work to home.

The insurance is effective from the moment the insured worker begins his employment. The insurance is terminated at the moment the insured worker leaves his employment.

If damage liability is established and the employer is liable for damages to his worker, a full deduction of the accident compensation and daily allowance must be made from the compensation the employer may have to pay his worker.

## **12.5 Statutory occupational injury insurance**

According to the Social Security Act No. 117/1993, occupational injury insurance covers all workers. Self-employed persons are also insured unless they voluntarily choose to be exempted. Benefits are paid when an insured person is injured at work or while travelling to or from work. An injury is not regarded as having occurred in the course of work if it is caused by actions of the injured person which are in no way related to his work. The insurance, however, covers any injury to a seaman aboard his vessel, or when he and his vessel are away from the vessel's home port or place from which the vessel is operated.

Injuries include diseases caused by the noxious effects of substances, radiation or similar conditions which prevail at most for a few days and which must be attributed to the employment.

Occupational injury insurance benefits comprise medical assistance, per Diem benefits, invalidity benefits and death grants.

If an occupational injury giving rise to benefits results in sickness and loss of working capacity for ten days or more, the necessary costs of treatment of the injured person and costs rising out of damage to artificial limbs or prosthetic aids are paid in accordance with the law. If an injury does not cause inability to work for 10 days but nonetheless gives rise to expenses, such expenses may be paid to the extent that they are not paid through health insurance.

## **12.6 If the employer is accountable**

If the employer, his subordinates or others whom he is responsible for, can be held accountable for action or the lack thereof, causing a worker's injury at the workplace, general rules stipulated in Act No. 50/1993 on Torts, apply. Damages paid under Act No. 50/1993 are higher than those discussed above and cover both material and immaterial injuries to the worker's health.

If damage liability is established and the employer is liable for damages to his worker, a full deduction of the accident compensation and daily allowance must be made from the

---

<sup>31</sup> See Chapter 11.

compensation the employer may have to pay his worker. Trade unions and their federations provide legal assistance to their members in this field.

## **13. Equal Status and Equal Rights of Women and Men**

---

### **13.1 Introduction**

Employers are not permitted to discriminate between their workers as regards wages or other terms on the grounds of their gender. This principle is established in the Act on the Equal Status and Equal Rights of Women and Men No. 96/2000, which prohibits discrimination of all types, direct or indirect, on grounds of gender. The same principle applies to promotion, continuing education, vocational training, study leave, working conditions and other matters such as dismissal of workers. If a worker seeks redress on the basis of the act, the employer is prohibited from dismissing him or her for that reason.

If evidence of direct and indirect discrimination based on gender is presented, the employer is obliged to prove that other reasons than gender was the criteria for his/her decision.

### **13.2 Pay equality**

Women and men who are employed by the same employer are entitled to equal pay and equal terms for equal-value and comparable work. Equal pay means that pay shall be determined in the same manner for women and men and that the criteria on which they are determined shall not include any discrimination based on gender. Terms, in addition to pay, means pension right, the rights to be granted a holiday, the right to pay during sickness and any other terms or benefit that may be given monetary value.

When evidence is presented that a woman and a man, employed by the same employer, receive different pay or other terms for equal-value and comparable work, the employer is obliged, if there is any difference, to prove that the difference can be explained by other factors than gender.

### **13.3 Equality programs**

Institutions and enterprises with more than 25 workers are to set themselves equality programs or to make special provisions regarding gender equality in their employment policies.

### **13.4 Integration of demands of work and duties towards their families**

Employers are obliged to take necessary measures to enable men and women to integrate the demands of their work and their duties towards their families. These measures shall aim at increasing flexibility in arranging work and working time so as to accommodate both the needs of the economy and of the workers, including enabling them to re-enter employment after taking maternity/paternity leave or parental leave or periods of leave necessary to meet urgent family requirements.

### **13.5 Sexual harassment**

Employers and directors of institutions and social activities must take special measures to prevent workers, students and clients from being subjected to sexual harassment at the workplace, within institutions, during social activities or within schools.

The Act defines sexual harassment as sexual behaviour that is unreasonable and/or insulting and against the will of those who are subjected to it, and which affects their self-esteem and is continued in spite of a clear indication that this behaviour is unwelcome.

Sexual harassment can be physical, oral or symbolic. One event may be considered sexual harassment if it is serious.

### **13.6 Complaints and damages**

Workers, who believe that they have been discriminated against, can take the matter to the Equality Complaints Board, which can instruct the parties to take steps to remedy any discrimination that may have occurred. Also non-governmental organizations may take complaints to the Complaints Board. Employers are prohibited from dismissing a worker who has filed a complaint or instituted court proceedings under the Act.

In all cases, the burden of proof lies with the employer, who must show that the treatment or decision complained of is based on grounds other than sex.

A person, who, deliberately or through negligence, violates the Act on the Equal Status and Equal Rights of Women and Men, can be made liable for damages under general principles of tort. In addition to pecuniary loss, the person concerned may be awarded compensation for non-pecuniary loss. Furthermore, violations of the Act can be punished by fines paid to the State Treasury.<sup>32</sup>

## **14. Maternity and paternal rights**

---

### **14.1 Introduction**

Parents that are active on the labour market have a right to be granted maternity/paternity leave and parental leave according to Act No. 95/2000. The same applies to parents who are self-employed and to parents who are not active in the labour market and parents attending full-time educational programs as to receiving a maternity/paternity grant.

The aim of the Act is twofold:

- to ensure children's access to both their fathers and mothers, and
- to enable both women and men to co-ordinate family life and work outside the home.

Employers are obliged to make efforts to meet workers' wishes with regard to the taking of maternity/paternity leave.

### **14.2 Total leave of nine months**

Both parents have an equal, non-transferable, right to take three months' leave in connection with

- the birth,
- first-time adoption, or
- fostering of a child,

irrespective of whether they work in the private or the public sector, or are self-employed.

They are also able to divide a further three months' leave between themselves as they wish.

### **14.3 Maternity/paternal benefits**

A parent obtains the right to payments from the Maternity/Paternity Leave Fund after he/she has been active in the domestic labour market for six consecutive months prior to the first day of the maternity/paternity leave. A parent's working time in other EEA countries is taken into account if the parent has been employed in Iceland for at least one month during the last six months prior to the first day of the maternity/paternity leave.

These payments amount to 80% of average gross wages or calculated remuneration over the twelve-month continuous period ending two months before the first day of the leave. However, the monthly payment during maternity/paternity leave to a parent is a 25-49%

---

<sup>32</sup> For more information please visit the website of the Centre for Gender Equality at [www.jafnretti.is](http://www.jafnretti.is).

part-time job shall never be less than ISK 65.227, and the monthly payment to a parent holding a 50-100% job shall never be less than ISK 90.401.<sup>33</sup>

#### **14.4 Safety and health of pregnant women**

If the safety and health of a pregnant woman, a woman who has recently given birth to a child, or a woman who is breastfeeding a child, is considered to be in danger according to a special assessment, her employer must make the necessary arrangements to ensure the woman's safety by temporarily changing her working conditions and/or working hours. If this is not possible for technical reasons, or other valid reasons, the woman's employer must entrust her with other tasks; if this is not possible, her employer shall grant her leave of absence for the length of time necessary to protect her safety and health.

Those changes, which are considered necessary in a woman's working conditions and/or working time, shall not affect her wages so as to reduce them or abridge her other job-related rights. If it is necessary to grant a pregnant woman leave, she is entitled to payment according to the rules described in chapter 14.3.

#### **14.5 Parental leave - unpaid**

Each parent is entitled to unpaid independent parental leave for 13 weeks to care for his/her children. This right is non-transferable. Parental leave is not accompanied by payment from the Maternity/Paternity Leave Fund. The right to parental leave ends when the child reaches the age of eight years.

A worker acquires the right to parental leave after completion of work for six consecutive months by the same employer. A worker who intends to exercise his right to parental leave has to notify his employer thereof in writing, as soon as possible, and at the latest six weeks prior to the first day of the intended leave. The worker has to state the starting day of the intended leave, its length and its structure.

The employer shall record the taking of parental leave, enabling the worker to obtain a certificate stating the number of days of parental leave if he/she wishes to do so.

#### **14.6 Protection of employment**

The employment relationship is to remain unchanged during maternity/paternity leave and parental leave.

This means that the worker is entitled to return to her/his job upon the completion of maternity/paternity leave or parental leave. Should this not be possible, she/he shall be entitled to a comparable position with the employer according to a contract of employment.

The employer is not permitted to dismiss a worker due to the fact that he/she has given notice of intended maternity/paternity leave or parental leave or during her/his maternity/paternity leave or parental leave, without reasonable cause, and in such a case, the dismissal shall be accompanied by written arguments. The same rule applies to pregnant women, and women who have recently given birth.

This prohibition does not preclude a dismissal if the employer can show without any doubt whatsoever that the reason behind the dismissal is not related to the special status of the worker. This would apply in cases of dire economic difficulties experienced by the undertaking where all workers are treated equally when it comes to nominate those who are to be dismissed.

---

<sup>33</sup> These amounts which apply from 1 January 2004 change regularly.

## **15. Occupational pension funds**

---

### **15.1 Introduction**

Occupational pension funds pay out old-age pensions, disability pensions and pension payments to surviving spouses and/or children. Most of the funds are governed jointly by the social partners. Pension funds are regulated by the Ministry of Finance but supervised by the Financial Supervisory Authority.

Pension fund contributions can be put into three basic categories.

The first two are based on the Pension Act No. 129/1997, which requires a mandatory occupational pension fund membership of all workers between the ages of 16 and 70, and a supplementary pension fund contribution based on agreement between employer and worker.

The third category is based on a special agreement between the social partners which provides for a 1% contribution by the employer, in case the worker has not, on his own accord, asked for an agreement on a supplementary pension fund contribution. As from January 1, 2005 this 1% contribution will however cease due to changes in the rules regarding mandatory pension.

### **15.2 Mandatory pension**

The Pension Act No. 129/1997 provides for a mandatory affiliation to the pension fund provided for in the applicable collective agreement, for all workers between the ages of 16 and 70. The mandatory pension fund membership of a worker is determined by the collective agreement on which his wages are determined.

The minimum contribution is 10% calculated on top of whole wages of which 4% are deducted from the worker's wages and 6% are added by the employer. The law also sets the basis for a supplementary pension contribution by the employer and worker.

According to collective agreements signed in spring 2004 between the national federations affiliated to ASI on the one hand and the Confederation of Icelandic Employers (SA) on the other, the employer's contribution will become 7,0% from 1 January 2005 and 8,0 from 1 January 2007.

The contribution base is comprised of all types of wages or compensation for work which is subject to income tax. The contribution base shall not, however, include benefits paid in kind, such as clothing, food or accommodation, or payments which are intended to cover expenses paid, e.g. vehicle allowances, per diem and food allowances.

Pension benefits are taxed in the same way as income from employment.

### **15.3 Supplementary Pension**

Law and collective agreements provide for a framework of supplementary pensions contributions. Final arrangements are however made on an individual basis as part of the contract of employment. A worker who pays 2% of his pay into a supplementary pension scheme receives a counter-contribution of 2% from his employer. Workers are allowed to deduct supplementary pension savings of up to 4% from their taxable income. The same applies to the self-employed, and to employers.

### **15.4 1% contribution**

From 1 July 2002 employers pay a 1% unilateral private supplementary pension contribution for those workers who do not save in a private pension fund. This 1% contribution does not affect the provision of a 2% reciprocal employer's contribution for the worker's supplementary 2% contribution. This addition does, however, not affect those employers who by law or contract pay a 7% or more pension contribution. Employers pay the 1% contribution to the private pension department of the worker's pension fund, unless the worker decides otherwise.

From January 1, 2005 the obligation of the employer to pay this 1,0% contribution will come to an end.

## **15.5 Public pension**

The public pension scheme provides an old age pension, disability pension and survivor's pension. The old age pension is in most cases paid from the age of 67. The public pension is divided into a basic pension and supplementary pension. Both are means-tested. Pensions received from other sources are treated differently from other income. These do not affect the basic pension and the level at which they begin to reduce the supplementary pension is much higher than for other income.

The State Social Security Institute runs the Public Pension system.<sup>34</sup>

## **16. Part-time and fixed-term work**

---

### **16.1 Introduction**

Employment relationships are as a general rule organised around individuals engaged for full time work on an open ended basis.

Other employment arrangements such as part-time work or fixed-term work are not prohibited under Icelandic labour law and exist in various sectors of the labour market.

### **16.2 Part-time workers**

Workers working part-time, irrespective of whether this is part of a day or a part-time job in another manner are according to collective agreements entitled to wages in proportion (pro-rata) to service rendered.

Contractual and statutory rights, such as those concerning payments for holidays, leave for health reasons, work longevity measures, etc., are based on proportional service and a customary working day of the worker concerned.

According to a collective agreement, which took effect on January 1 2003, employers are not allowed to discriminate against part-time workers unless it is justifiable on objective grounds.<sup>35</sup>

According to this agreement a worker is regarded as a part-time worker if he is paid wholly or partially by reference to the time that he works, and cannot be identified as a full-time worker when compared to other workers on the same type of contract. The agreement is based on the fundamental principle that a part-time worker has the right not be treated less favourably than the employer treats a comparable full-time worker as regards the terms of his contract.

In reorganising workloads, part-time workers should not be treated less favourably than full-time workers, unless the treatment can be objectively justified. Having worked part-time previously, or currently working part-time, should not prevent a worker from being promoted, whether the new post is full-time or part-time.

When choosing the criteria to select jobs for redundancy, the criteria must be objectively justified and part-time workers must not be treated less favourably than comparable full-time workers.

### **16.3 Fixed-term work**

Fixed-term workers are according to Act No. 139/2003, on Fixed Term Employment, not to be treated in a less favourable manner than comparable permanent workers in respect of employment conditions, solely because they have a fixed-term contract or relation unless different treatment is justified on objective grounds.

The purpose of this Act is to improve the quality of fixed-term work by ensuring the application of the principle of non-discrimination and to establish a framework to prevent abuse arising from the use of successive fixed-term employment contracts or relationships.

---

<sup>34</sup> For further information please visit their website at [www.tr.is](http://www.tr.is)

<sup>35</sup> This agreement transposes the Part-time Workers Directive 98/23/EC into Icelandic law. Further implementation is provided for in Act 10/2004 on Part-time Workers.

The use of successive fixed term contracts is to be limited.<sup>36</sup> The Act prohibits the extension or renewal of fixed term agreements in the case they last continuously for a period longer than two years, unless otherwise provided for in law. It is nonetheless allowed to renew fixed term contracts of managerial personnel which have been completed for a period of four years or longer, for the same period each time.

A new employment contract is deemed to replace a previous one if it is extended or if a new fixed-term contract is established between the same parties within three weeks from the completion of the previous agreement.

## **17. Young workers**

---

### **17.1 Introduction**

Rules regarding work of children and adolescents are found in Act No. 46/1980 on Working Environment, Health and Safety of workers and in Regulation 426/1999.<sup>37</sup>

Limitations are set as to the type of work, working environment and working time of young people. i.e. under the age of 18.

The regulation outlines the type of work that is allowed or prohibited, working time etc. and for this purpose classifies young workers into three groups:

- Youth which refers to an individual under the age of 18.
- Child, which refers to an individual under the age of 15 or who is still in compulsory schooling.
- Adolescent which refers to an individual who has reached the age of 15 but is younger than 18, and is no longer in compulsory school.

The regulation is built upon the basic principle that the organization of work is focused on safety and that the mental and physical health of youths is not jeopardised. The work undertaken by youths must not have disturbing effects on their education or development. Young workers enjoy a right to particular assistance and care by the employer.

An employer must inform his workers, who work with youths, and those in charge of a company's safety measures, of the demands that are made to the work of youths and ensure that they are abided by and that they are followed in the execution, organization and supervision of the work of youths.

### **17.2 Prohibited work**

The law imposes a number of provisions, which prohibit certain kind of work for young people in the interests of protecting their health and development. These prohibitions include work with dangerous tools and equipment and toxic substances.

Children, who are at the age of 13–14, or who are in compulsory school, may only engage in work that falls under the definition of „light work" and which is listed in Appendix 4 to the Regulation. Children may neither work with or in the vicinity of machinery or dangerous substances, nor shall they lift heavy weights.

### **17.3 Working hours**

The working time of adolescents (15-18) must not exceed 8 hours per day and 40 hours per week.

In special instances, e.g. in case of pressing need due to the nature of the operation, for example, if valuables in agriculture or fish processing are to be saved, the work time of adolescents may exceed 8 hours per day and 40 hours per week, provided that the provisions of rest time and time off are honoured.

---

<sup>36</sup> The Fixed-term work Directive 1999/70/EC was incorporated into Icelandic law in December 2003 with Act on Fixed Term Employment, No. 139/2003.

<sup>37</sup> These rules are based on Directive 94/33/EC on the Protection of Young People at Work.

Adolescents may not, however, work longer than 60 hours per week and 48 hours per week average over a four-month period.

The regulation also provides for a minimum rest per day, which shall not be less than 12 hours of consecutive rest and two day break every week.

Adolescents, must furthermore during every seven-day period, receive at least two days of rest, which shall be consecutive if possible. This minimum rest period shall generally include Sundays.

The working time of children 13–15 years of age is further limited.

## **18. Termination of an employment contract**

---

### **18.1 Introduction**

The general principle on the private labour market is that any employment contract concluded for an indefinite period of time may be terminated for any reason by both employer and worker, subject to notice periods, based on the applicable collective agreement or Act No. 19/1979.

There are important limits from this general principle. These limits include for instance pregnant women, status of workers on maternal/paternal leave, prohibition of dismissal on the basis of gender and the special rights of trade union representatives.

### **18.2 Formalities**

Notice of termination must be in writing and based on the turn of the month (or week if applicable). If the worker does not receive his notice of dismissal at least not on the last working day of the month, his notice period is automatically pushed back to the turn of the next month.

### **18.3 Notice periods**

The length of notice periods range from one week to three months (6 months in some cases), depending on length of service. Minimum rights are stipulated in law and further improved upon in collective agreements.

The employment contract remains intact until the end of the notice period, which means that the right and obligations of both parties remain during that period. Payment of wages during the notice period is therefore subject to work done by the worker. The parties can however come to an agreement to end their relationship immediately.

Where the worker leaves without giving the required notice, the employer may have, in certain circumstances, a right to claim damages. There are exceptions, where no notice is required – such as in the event of gross misconduct by either party of the agreement or dangerous or insufficient working conditions. A worker deprived of his right to a lawful notice of termination can claim damages, equal to his loss during the notice period.

#### **19.3.1 Statutory rights**

Act No. 19/1979 establishes the following basic rights.

- **After one-year** continuous employment with the same employer - one month's advance notice.
- Continuous employment for **three years** with the same employer - two months' advance notice of termination.
- **Five years** of continuous engagement with the same employer - three months' advance notice of termination.

A worker who is entitled to the above notice periods is bound to give the same advance notice if he wants to end his employment.

Workers are considered to have worked within a trade or to have been engaged with an employer for one year if they have worked a total of at the least 1550 hours during the

last 12 months, thereof at the least 130 hours during the last month prior to notice of termination. Absence on account of illness, accidents, vacation, strikes and lockouts of up to 8 hours per day, is considered the equivalent of hours of work discharged. Surcharge and piecework payments or other payments of that nature are, on the other hand, not considered equivalent to working hours discharged.

**18.3.2 Collective rights**

Collective agreements of individual trade federation provide for different notice periods for their members.

**Trade unions belonging to SGS**

After 2 weeks consecutive employment for the same employer.	12 days notice period.
After 3 months consecutive employment for the same employer.	1 month notice period.
After 3 years consecutive employment for the same employer.	3 months notice period.

**Trade unions belonging to LIV**

During the first 3 months (trial period).	1 week.
Between 3 and 6 months of work.	1 month notice period.
After 6 months of work.	3 months the notice period.
After 10 years working for the same company.	55 years of age: 4 months notice period. 60 years of age: 5 months notice period. 63 years of age: 6 months notice period.

Those who have earned the right for a notice period ranging from 4 to 6 months can resign from their work by giving a 3 months notice. In all other cases the length of the notice periods are mutual.

**Trade unions belonging to SAMIDN**

During the worker's first year of employment the notice period is 2 weeks. After one year's employment it is extended to 1 month. After three years work in the same occupation the period is 2 months, and after five years in the same occupation the length of the notice period is three months.

**Trade unions belonging to RSI**

The general rule is a notice period of 1 month. If an electrician is hired for a specific period of time, then these rules do not apply unless he has worked for four weeks or longer consecutively.	
The collective agreement refers to the Act No. 19/1979.	
After at least 10 years consecutive work for the same employer.	55 years: 4 months notice period. 60 years: 5 months notice period. 63 years: 6 months notice period.  The worker can himself resign with a 3 months notice period.

**Trade unions belonging to MATVIS**

After working one month or longer for the same employer the notice period is one month. During the first month of employment there is no notice period. For those employed between 1 and 2 years for the same employer the notice period is 2 months. After 2 years the notice period is extended to 3 months.

## **18.4 Extension of the contractual relationship**

If the employer allows the worker to continue to work after expiry of the contract or notice period, the contractual relationship is deemed to have been extended indefinitely. If the employer still wishes to terminate the employment relationship of that worker he must do so respecting the applicable notice periods.

## **18.5 Protection against dismissal**

There are various limits on the right of employers to terminate the employment contracts of their workers.

These limits are founded on various standpoints including the social status of groups of workers such as is the case for workers on maternal or paternal leave.

Employers are according to Act No. 95/2000 not permitted to dismiss an employee due to the fact that he/she has given notice of intended maternity/paternity leave or parental leave, or during her/his maternity/paternity leave or parental leave, without reasonable cause, and in such a case, the dismissal shall be accompanied by written arguments. The same rule applies to pregnant women, and women who have recently given birth.

Workers enjoy further protective status under Act No. 96/2000 which include prohibition of dismissal on the basis of gender.

Under the Act No. 27/2000 Prohibiting Redundancies due to Family Responsibilities a person may not be made redundant solely because of the family responsibilities he/she bears. Three principal conditions must be met to demonstrate the existence of family responsibilities on the part of an employee. Firstly, the responsibilities must be towards the employee's own children, spouse or close relatives. Secondly, the persons concerned must live in the employee's own home, and thirdly, the person or persons involved must need the care or guardianship of the employee himself in connection with, e.g., illness, disability or comparable circumstances. All three conditions must be met in order for the employee to be regarded as bearing responsible for the relevant individuals in the sense of the Act.<sup>38</sup>

According to Act No. 72/2002, on Workers' Rights in the Event of Transfers of Undertakings a transfer of an undertaking, does not in itself constitute valid grounds for dismissal of workers by their employer. This does however not stand in the way of dismissals for economic, technical or organisational reasons entailing changes in the workforce.<sup>39</sup>

Trade Union representatives are according to Act No. 80/1938 protected against dismissals which are based on their duties as union representatives.

---

## **19. Protection of personal data**

### **19.1 Introduction**

Protection of personal data and the protection of privacy of workers is an issue of big importance, especially as information and communication technologies are further developed and increasingly used in working life. This includes e.g. monitoring of workers using video equipment, monitoring e-mail and Internet traffic and accessing e-mail, drug and alcohol tests and so forth.

There is no specific law in Iceland which governs the protection of personal data in the employment context. Workers must therefore rely on the protection afforded to them on the basis of general law in this field, the Act on Protection and Processing of Personal Data, No. 77/2000. This Act has the objective of promoting the practice of processing personal data in accordance with fundamental principles and rules regarding data protection and privacy, and to ensure the reliability and integrity of such data.<sup>40</sup>

---

<sup>38</sup> The act is based on the ILO's Workers with Family Responsibilities Convention, No. 156.

<sup>39</sup> See also chapter 20.4.

<sup>40</sup> The law is based on Directive 95/46/EC the protection of individuals with regard to the processing of personal data and on the free movement of such data and Directive 97/66/EC concerning the processing of personal data and the protection of privacy in the telecommunications sector.

The Privacy and Data Protection Authority which is responsible for monitoring the application of this Act has issued Regulation No. 888/2004, on electronic surveillance at the work place, in schools and other areas where a limited group of people may be present at any time.<sup>41</sup>

## **19.2 Personal data**

The Act defines personal data as any data relating to the data subject (identified or identifiable), i.e. information that can be traced directly or indirectly to a specific individual, deceased or living.

Sensitive personal data is defined in the Act as:

- Data on origin, skin colour, race, political opinions, religious beliefs and other life philosophies.
- Data on whether a man has been suspected of, indicted for, prosecuted for or convicted of a punishable offence.
- Health data, including genetic data and data on use of alcohol, medical drugs and narcotics.
- Data concerning sex life (and sexual behaviour).
- Data on trade-union membership.

## **19.3 Basic principles relating to data quality and processing**

The Act is based upon several principles relating to data quality and processing. The principles may be summarized as follows:

- Data must be fairly and lawfully processed in accordance with good practices of personal data processing.
- Data must be processed for limited purposes only.
- Data must be adequate, relevant and not excessive in relation to the purposes for the processing.
- Data must be reliable and accurate.
- Data must not be kept for longer than is necessary. Personal data which are unreliable or incomplete, having regard to the purposes for their processing, must be erased or rectified.

Personal data may only be processed if the data subject has unambiguously agreed to the processing or given his consent. Processing is also allowed if it is necessary to honour a contract to which the data subject is a party, to fulfil a legal obligation of the controller, to protect vital interests of the data subject and for a number of other reasons that Act provides for. The Act sets out further requirements for processing of sensitive personal data.

## **19.4 Electronic surveillance**

The Act defines electronic surveillance as surveillance, which is constant or regularly repeated, and incorporates the monitoring of individuals, with the use of remote controlled or automatic equipment, and takes place in a public area or where a limited number of people normally pass through.

When electronic surveillance is conducted at a place of work or in public, a clear warning shall be given of that fact by a sign or in another noticeable way, stating also who the controller is.

## **19.5 E-mail and internet use**

An employer is not allowed to view e-mail or monitor the internet use of his workers unless it is done in accordance with the requirements set forth in Regulation No. 888/2004. The procedure must fulfil the fundamental principles and rules regarding data protection and privacy contained in the Act.

---

<sup>41</sup> For further information please visit [www.personuvernd.is](http://www.personuvernd.is).

## **20. Information and consultation**

---

### **20.1 Introduction**

The issue of information and consultation within the work place is a relatively new aspect of Icelandic industrial relations. There is, however, a general system of worker representation at the workplace which is primarily based on collective agreements and relates primarily to issues regarding the implementation of particular agreements and protection of workers' rights under the law and each collective agreement.<sup>42</sup>

### **20.2 Health and safety**

The Act No. 46/1980 on Working Environment, Health and Safety of Workers require employers, depending on the number of their workers, to set up a consultation mechanism on health and safety issues at work.

In enterprises employing 10 workers or more, the employer is required to appoint one safety guard on his behalf and the employees must appoint another from their group as safety representative. Cooperatively they are entrusted with the working environment, health and safety in their workplace.

In enterprises employing 50 workers or more, a safety committee must be established. The workers select from their group two representatives and the employer appoints two representatives.<sup>43</sup>

Safety committees are entrusted with organizing activities concerning the working environment, health and safety at work, informing the employees of these matters, inspection of the workplaces and to ensure that measures are taken to improve the working environment and that health and safety measures are fully effective. The employer must make sure that elected safety representatives receive the training needed for carrying out their roles.

### **20.3 Collective dismissals**

Collective redundancies are according to Act No. 63/2000 deemed to be notices of termination in enterprises given by the employer within 30 days for reasons unrelated to the workers person and which affect:

(i) at least ten workers in enterprises usually employing more than 20 and less than 100 persons, (ii) at least 10% of all workers in enterprises usually employing more than 100 and less than 300 persons, or (iii) at least 30 workers in enterprises usually employing at least 300 workers.

An employer planning a collective dismissal must first consult with the workers' representatives or, if there is none, with the workers, and provide them with the opportunity of making suggestions on how to avoid the dismissals or to limit the number of dismissals and to alleviate their consequences.

The employer is obliged to provide all relevant information to the workers' representative body. In any case, the employer must inform them in writing on the following issues:

- (i) the reasons for the collective dismissal,
- (ii) the number of workers to be dismissed,
- (iii) the number of persons usually employed, and
- (iv) the time period within which the notification of the dismissals is to be given.

Finally, the employer is required to inform the regional employment office in the area where the company is located of the proposed redundancies.

---

<sup>42</sup> The rights of workers to information and consultation are primarily based on EU directives that have been transposed into Icelandic law. These include Directive 98/59/EC on collective redundancies, Directive 2001/23/EC on transfer of undertakings and Directive 94/45/EC on European Works Councils.

<sup>43</sup> For further information see „Occupational Health and Safety. Guidelines for Foreign Workers in Iceland.” Published by the Administration of Occupational Safety and Health (AOSH). 1st edition 2002.

## 20.4 Transfer of undertakings

When an undertaking, or part of one, is transferred, (i.e. sold or leased), to another employer, the workers' terms and conditions arising from existing contracts of employment and collective agreements is transferred to a new employer.<sup>44</sup>

The former and the new employer are required to inform the representatives of their respective workers affected by the transfer of the following:

- the date or proposed date of the transfer,
- the reasons for the transfer,
- the legal, economic and social implications of the transfer for the workers,
- any measures envisaged in relation to the workers.

The old employer must give such information in good time, before the transfer is carried out. The new employer must give such information in good time, and in any event before his workers are directly affected by the transfer as regards their conditions of work and employment.

Where the employers envisage measures in relation to their workers, they are required to consult the representatives of their workers in good time on such measures with a view to reaching an agreement.

A change of ownership, or other types of transfer, does not constitute grounds for the dismissal of workers unless this is necessary for economic, technical or organizational reasons. Workers are not obliged to continue their employment under a new employer if the change of ownership implies a change for the worse in their pre-existing terms and conditions of employment.

## 20.5 European Work Councils

The Act No. 61/1999, on European Work Councils applies to undertakings and groups of undertakings with at least 1,000 workers in their service in the European Economic Area, including at least 150 workers in two establishments in at least two EEA states.<sup>45</sup>

Under the Act, workers of undertakings that fall under these size specifications are given the right of access to the same information, and have the same right, as their colleagues within the undertaking or groups of undertakings in other EEA states, to express their points of view to the principal management of the undertaking.

## 20.6 The European Company

The Act No. 26/2004 on European Companies (*Societas Europaea* or SE) is supplemented by another Act which deals specifically with the rights of workers for information and consultation and in some cases participation in matters relating to organizational and economic matters of the company.<sup>46</sup>

---

## 21. Posting of workers

---

### 21.1 Introduction

Act No. 54/2001, on the Legal Status of Workers Posted Temporarily in Iceland in the Service of Foreign Undertakings, applies to firms established outside Iceland (EEA & Non-EEA) which post workers in Iceland in the framework of the provision of services, these workers normally being employed outside Iceland and being posted in the country temporarily.

---

<sup>44</sup> Act No. 72/2002, on Workers' Rights in the Event of Transfers of Undertakings.

<sup>45</sup> The Act is based on Council Directive 94/45/EC.

<sup>46</sup> These rules are based on Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE) and Directive 2001/86/EC.

The law applies to undertakings that undertake one of the following international measures:

- post workers to Iceland on their account and under their direction, under a contract concluded between the undertaking making the posting and the party for whom the services are intended, operating in Iceland, or
- post workers to an establishment or to an undertaking owned by the group in Iceland, or
- being a temporary employment agency, hire out a worker to a user undertaking established or operating in Iceland.

In all these cases there is legal precondition of an employment relationship between the undertaking making the posting and the worker during the period of posting.

## **21.2 Terms and conditions of employment**

The following legislation, and regulations issued there under, applies to terms and conditions of employment, irrespective of the foreign legislation covering other aspects of the employment relationship between the posted worker and the relevant undertaking:

1. Act No. 55/1980, regarding minimum wages, overtime payments, vacation entitlement, maximum working hours and minimum rest time.
2. Act on Working Environment, Health and Safety in the Workplace, No. 46/1980.
3. The Vacation Pay Act, No. 30/1987, (cf., however, Article 11).
4. The Vessel Inspection Act, No. 35/1993, Article 4.
5. The Air Traffic Act, No. 60/1998, Chapter VI.
6. Act on the Maternity/Paternity Leave and Parental Leave, No. 95/2000, Articles 11, 29 and 30.
7. The Act on the Equal Status and Equal Rights of Women and Men, No. 96/2000, and other legal provisions prohibiting discrimination.

The provisions of the legislation above apply without prejudice to better terms of wages and terms for workers according to their employment contracts with the relevant undertaking or to collective agreements or legislation in the state where they normally work.<sup>47</sup>

## **21.3 Contract of employment**

Where a worker is required to work in a country or countries other than the Member State whose law and/or practice governs the contract or employment relationship, he must have a statement in his possession before his departure which must include at least the following additional information: the duration of the employment abroad, the currency to be used for the payment of remuneration, where appropriate, the benefits in cash or kind attendant on the employment abroad and where appropriate, the conditions governing the worker's repatriation.

---

## **22. Foreign Workers**

### **22.1 Introduction**

The importance of Icelandic nationality as a precondition for access to the labour market has diminished considerably in recent years, mainly due to Iceland's membership in the European Economic Area (EEA) which combines the labour markets of the three EFTA-countries (Iceland, Norway and Liechtenstein) and of the 25 countries of the European Union.

---

<sup>47</sup> See also: Working temporarily in Iceland: Guidelines for non-residents working temporarily in Iceland. Internal Revenue Directorate 2003. [www.rsk.is](http://www.rsk.is)

Foreign Nationals' Right to Work Act No. 97/2002 and Act on Foreigners No. 96/2002 governs the access of workers from countries not belonging to the EEA-area. The latter governs the entry into Iceland of foreigners, their departure from Iceland and their stay in Iceland, in accordance with government policies at any particular time. The former regulates the conditions for the issue of work-permits. The Directorate of Labour is responsible for the administration of the Foreign Nationals' Right to Work Act.<sup>48</sup>

Discrimination on the grounds of nationality is forbidden. Once a worker has complied with any measures regarding access of third country citizens to the labour market, he or she must be treated on the same basis as any domestic worker.

## **22.2 Workers from Europe**

Foreign nationals who are citizens of Member states of the European Economic Area (EEA) are not required to hold work permits in Iceland.

The EEA Agreement confers direct rights to EEA citizens to look for and take up employed work in Iceland. Included is the right to reside in Iceland and to have his family join him, the worker may move freely within the country, and he also has the right to remain in that country after having been employed. The rights of these workers are regulated in the Act respecting the right of workers for Employment and Residence within the European Economic Area, No. 47/1993.

Workers from the 10 new Member States of the European Union; the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia will not enjoy freedom of movement until 1 May 2006, except for workers from Cyprus and Malta who enjoy this freedom from 1 May 2004.

## **22.3 Work-permits**

Foreign nationals who are not citizens of Member states of the European Economic Area (EEA) and who come to Iceland for the purpose of engaging in employment are required to hold working permits. Employment permits are normally only issued in those occupational sectors in which there is a shortage of labour and it is not considered likely that domestic labour will be found to fill these positions. An employer wishing to employ a foreign worker (non-EC or non-EEA) has to assure the Directorate of Labour that no suitable resident labour is available for the vacancy in order to obtain a work permit. Once admitted into the labour market, equal treatment for the worker is required in labour law and taxation.

## **22.4 Types of Work Permits**

Work permits may be put into three categories:

- Temporary Work Permit: A temporary permit granted to an employer, allowing him to employ a foreign national, usually for a period of 12 months.
- Specialist Work Permit: A temporary permit granted to a foreign national in connection with specialized tasks.
- Permanent Work Permit: A permit with no time restriction, granted to a foreign national and allowing him to work in Iceland.

Foreign spouses of Icelandic citizens, and their children aged up to 18 are exempt from requirements regarding work permits.

## **22.5 Temporary Work Permits**

Temporary work permits are issued by the Directorate of Labour on the basis of an application by an employer seeking to employ a non-EEA national.

The **main conditions** for granting a temporary work permit are as follows:

- that qualified persons cannot be found in Iceland, that occupational sectors in the country lack workers, or that there are other special reasons for granting such permits.

---

<sup>48</sup> For further information please contact the Directorate of Labour and Directorate of Immigration.

- the employer must submit an application to the regional employment office for workers, except where it is a foregone conclusion, in the opinion of the Directorate of Labour, that such an application will prove unsuccessful.
- the local trade union or the appropriate national federation, has made its comment on the application from the employer. The Union must submit its comments within 14 days of receiving the application from the employer. However, this condition may be waived in special cases where there is no trade union or national federation in the relevant occupation.

#### **Further requirements**

- **Employment contract.** This document must be prepared and signed by both parties covering a specific period of employment or task and guaranteeing the worker wages and other terms of employment equal to those enjoyed by local residents. See Act No. 55/1980.
- **Health insurance.** Employers hiring non-EEA personnel must take out health insurance covering the first 6 month's of their stay in Iceland. After 6 months non-EEA personnel enjoy equal treatment within the social security system.
- **Expatriation.** The employer must promise to pay the cost of sending the worker back to his home if the worker becomes incapable of working for a long period due to illness or accident and in the event of the termination of employment for which the worker is not responsible. The country to which the worker may be sent home shall be specified in the employment contract.
- **Health certificate.** Satisfactory health certificate for the worker must be submitted to the Directorate of Labour.
- **Regulated professions.** If the worker is to be engaged to provide services within occupational sectors which require certain professional qualifications the applicant employer must provide the Directorate of Labour with evidence that his professional qualifications have been recognized by the relevant authorities in Iceland.

## **22.6 Unlimited Work Permits**

Non-EEA nationals who hold unlimited work permits are in the same position on the labour market as Icelandic citizens. They are no longer tied to a specific employer, as is the case in the case of temporary work permits and are therefore free to change their occupation.

The main conditions for granting an unlimited work permit are as follows:

- the foreign national has been legally domiciled in Iceland, and has lived there, for three consecutive years,
- the foreign national has acquired a residence permit in Iceland under the Act on Foreigners,
- a temporary work permit has previously been issued to him.

These conditions may be waived in cases where an Icelandic citizen divorces, or terminates cohabitation with a foreign spouse or partner. The marriage, registered partnership or registered cohabitation must have lasted for at least two years, and the foreign spouse or partner must have been legally domiciled in Iceland for at least the same length of time on a continuous basis. Furthermore, it may be permitted to waive these conditions in the case of a foreign spouse or partner in the event of the death of an Icelandic spouse or partner or in a case involving the spouse or partner of a foreign national who holds an unlimited work permit, or his or her children aged 18 or older.

The same applies in the case of a foreign national who has taken a course of studies in Iceland lasting at least three years, and has completed it.

## **22.7 Specialist Work Permit**

In special circumstances, a temporary work permit may be granted to a foreign national whom it is planned to send to Iceland in the service of a company that does not have a branch in Iceland. Such permits are not normally granted for periods longer than six months on the basis of the same service contract. A service contract must have been made with a company in Iceland that includes a statement to the effect that a condition for

the transaction under the contract is that a worker of the foreign company is to provide the service.

## **22.8 Four weeks exemption**

The following foreign nationals are exempt from the requirements regarding work permits for periods of up to four weeks each year:

- Scientists, scholars and lecturers, as regards teaching or comparable activities.
- Artists, with the exception of instrumental performers who enter into employment in catering establishments. The exemption under this item does not apply to dancers who appear in nightclubs.
- Athletics coaches.
- Representatives on business visit for companies that do not have branches in Iceland.
- Drivers of passenger coaches registered in foreign countries, providing that the vehicles are carrying foreign tourists to Iceland.
- Journalists and reporters from foreign news media who are in the service of companies that are not established in Iceland.
- Workers, consultants and instructors working on the assembly, installation, supervision or repair of equipment.

## **Agreement concerning Foreigners in the Icelandic Labour Market**

---

7 March 2004

### **Agreement concerning Foreigners in the Icelandic Labour Market**

The Icelandic Confederation of Labour and the Confederation of Icelandic Employers have reached an agreement on the following rules of procedure regarding disputes involving foreign workers.

#### **Presuppositions and shared objectives**

The Parties agree that the commitments of Iceland in compliance with the EEA Agreement on the free movement of goods, capital, services and labour across state borders will have a favourable impact on private and corporate interests in this country incident to an increase in the supply of goods and services, the dissemination of knowledge between countries, increasing business competition, progress in various fields of society, and an increase in the number of jobs.

The EEA Agreement includes, that citizens of the member states are able to move between countries to search for work without a work permit. Corporations established there also have the right to offer services in another member state through their own employees without a special permit. Citizens of the EFTA states have the same rights in principle according to the EFTA Convention.

The fundamental rule is that other foreigners (citizens of third countries) will not be employed in this country without a work permit.

The Parties to this Agreement are of the opinion that variations in the composition of the labour force as a result of an increase in the number of foreigners in the Icelandic labour market should not disrupt the current arrangement for the determination of wages and other working conditions for workers through collective agreements.

It is a common task for the Parties to render their support so that companies employing foreign labour in their production or their services shall pay wages and offer working conditions in compliance with collective agreements and the laws in this country.

It will undermine the operations of other companies and impair the conditions for normal competition as well as reduce the benefits to society as a whole for a strong and healthy industry if collective agreements are not complied with.

The Parties agree that the adjustment of foreign labour and foreign companies to the customs and traditions of the Icelandic labour market and the Icelandic society are well suited to create a situation of trust and peace in the relations of the Parties.

The laws in many instances regulate the right of workers to perform certain jobs by linking that right to the condition that the person in question has completed a particular education or obtained special certification to be able to obtain authorization to work in the trade in question. The EEA Agreement provides for the right of foreign workers to obtain recognition in Iceland for their former education, occupational qualifications, and their job experience obtained in another EEA state, in accordance with the relevant laws and regulations.

#### **Principles regarding the working conditions of foreigners**

By this Agreement the Icelandic Confederation of Labour and the Confederation of Icelandic Employers wish to ensure the implementation of the current laws with respect to the working conditions of foreigners in the Icelandic labour market. These regulations are mainly to be found in the following areas:

- *Wages and other working conditions.* The Law on the Working Conditions of Workers and the Mandatory Insurance of Pension Rights, No. 55/1980 stipulates that the wages and other working conditions agreed upon by the parties to collective agreements shall be minimum working conditions, irrespective of nationality, for all workers in each particular trade in the area affected by that collective agreement.

- *Employees of foreign companies in the service industries, including temporary labour agencies.* The Law on the Legal Status of Employees working temporarily in Iceland for Foreign Companies, No. 54/2001, stipulates i.e. that employees shall, while working in Iceland, receive wages, holiday payment rights, and the benefits specified by regulations regarding accommodation, health and safety at their place of work in accordance with applicable collective agreements.
- *Free movement of workers.* The EEA Agreement and the Law on the Right to employment and domicile within the European Economic Area No. 47/1993, stipulates that it is unlawful to discriminate against a worker who is a citizen of an EEA state other than the state in which he is working as regards the conditions for employment and for working, especially regarding wages.
- *Work permits for citizens of third states.* The Law on Employment Rights for Foreigners No. 97/2002, stipulates that a work permit will grant the right to work in Iceland in accordance with laws and regulations in force in the Icelandic labour market and that there be available an employment contract ensuring the employee the same wages and other working conditions equivalent to those for local persons, cfr. Law No. 55/1980.

### **Information regarding wages and other working conditions of foreign workers**

It is the task of the shop stewards representatives of the trade unions at the place of work to ensure that collective agreements that have been entered into are observed with respect to the employees, cfr. Act No. 80/1938, Art. 9. In the event of the probable suspicion of a violation of the collective agreement in question or of the laws on the working conditions of foreign workers the shop steward has the right as provided for in this present Agreement to review documents/data regarding the wages or other working conditions of those foreign employees covered by the applicable collective agreement who are working for the employer in question, and if applicable regarding the occupational qualifications of those who hold jobs where such qualifications are required.

If there is not a shop steward at the place of work the representative of the trade union concerned will have the same authorities and the same duties as the shop steward to review the documents/data.

The information should normally be submitted by the following procedure. The shop steward shall gain access to copies of pay slips or other material that confirms payment of wages and other working conditions of the employees in question. The shop steward is not authorized to remove any information from the place of work. The shop steward must observe confidentiality regarding information submitted to him. However the shop steward has permission to consult with the trade union in question. In such case the representatives of the trade union must observe the utmost confidentiality regarding the information disclosed to them.

In the event that the employer does not consent to the request of the shop steward to be granted access to information regarding the wages and other working conditions of a foreigner and/or there is disagreement as to whether or not the provisions of collective agreements or of the laws have been complied with, cfr. Law No. 55/1980, Law No. 54/2001 and Regulation No. 1612/68/EEC on the free movement of workers, cfr. Law No. 47/1993, and this disagreement has not been resolved within the company, the dispute can be referred to a special Joint Consultation Committee of The Icelandic Confederation of Labour (ASI) and the Confederation of Icelandic Employers (SA).

### **Joint Consultation Committee of the Icelandic Confederation of Labour (ASI) and the Federation of Icelandic Industries (SA)**

The Joint Consultation Committee of the Icelandic Confederation of Labour (ASI) and the Confederation of Icelandic Employers (SA), which deals with matters regarding foreigners according to this present Agreement shall be composed of four appointed representatives, two of those shall be appointed by the Icelandic Confederation of Labour (ASI) and its respective national association, and two shall be appointed by the Confederation of Icelandic Employers (SA).

The Joint Consultation Committee shall seek ways to collect information concerning cases referred to the committee in accordance with the above rules and to settle the dispute through discussions.

Cases referred to the committee must be brought up for discussion by the committee within two weeks, unless this is prevented by special reasons.

When investigating a case the committee can request necessary documents/data from the employer in question regarding the wages or other working conditions of the foreign workers concerned and as applicable regarding the job qualifications of those holding jobs where such qualifications are required. This authority includes those foreign employees covered by collective agreements of trade unions affiliated to the Icelandic Confederation of Labour (ASI), cfr. Law No. 55/1980, Art. 1.

The shop steward or the union representative who acts as his proxy is not subject to confidentiality regarding his communication with the Committee concerning cases under discussion. Furthermore the representatives of the Joint Consultation Committee can consult with the shop steward in accordance with the above in order to obtain further information concerning the cases under discussion.

The Joint Consultation Committee and individual representatives in the committee must observe confidentiality regarding information obtained from the employer, the shop steward or from the trade union representative, and they are not authorized to divulge this information or give an account of the subject matter to any third party.

The committee shall inform the parties to the dispute of the committee's conclusion.

Regardless of the committee's conclusion a case may be referred to the courts. Confidentiality cfr. the above shall not prevent the submission of documents in a law-suit.

Reykjavik, 7 March 2004

Icelandic Confederation of Labour

Confederation of Icelandic Employers

## **IMPORTANT ADDRESSES AND WEBSITES**

### **LABOUR ORGANIZATIONS**

#### **Icelandic Confederation of Labour (ASI)**

Website: [www.asi.is](http://www.asi.is)

e-mail: [asi@asi.is](mailto:asi@asi.is)

Tel. +354 53 55 600

#### **Federation of General and Special Workers (SGS)**

Website: [www.sgs.is](http://www.sgs.is)

e-mail: [sgs@sgs.is](mailto:sgs@sgs.is)

Tel. +354 562 6410

#### **Federation of Skilled Construction and Industrial Workers (Samidn)**

Website: [www.samidn.is](http://www.samidn.is)

e-mail: [postur@samidn.is](mailto:postur@samidn.is)

Tel. +354 535 6000

#### **Union of Icelandic Electrical Workers (RSI)**

Website: [www.rafis.is](http://www.rafis.is)

e-mail: [rsi@rafis.is](mailto:rsi@rafis.is)

Tel. +354 580 5200

#### **The Commercial Federation of Iceland (LIV)**

Website: [www.landssamband.is](http://www.landssamband.is)

e-mail: [liv@landssamband.is](mailto:liv@landssamband.is)

Tel. +354 588 1300

#### **The Icelandic Federation of Food and Restaurant Workers (MATVIS)**

Website: [www.matvis.is](http://www.matvis.is)

e-mail: [matvis@matvis.is](mailto:matvis@matvis.is)

Tel. +354 580 5200

#### **Federation of Icelandic Seamen (SSI)**

Website: [www.ssi.is/](http://www.ssi.is/)

e-mail: [hj@ssi.is](mailto:hj@ssi.is)

Tel. +354 561 0769

#### **The Icelandic Musicians' Union (FIH)**

Website: [www.fih.is/](http://www.fih.is/)

Tel. +354 588 8255

#### **The Icelandic Cabin Crew Association (FFI)**

Website: [www.ffi.is](http://www.ffi.is)

Tel. +354 561 4307

#### **The Icelandic Tourist Guides Association (FL)**

Website: [www.touristguide.is](http://www.touristguide.is)

Tel. + 354 588 8670

#### **The Icelandic Dairymen's Union (MFFÍ)**

Website: [www.mffi.is](http://www.mffi.is)

Tel. + 354 580 5201

#### **The Graphical Union of Iceland (FBM)**

Website: [www.fbm.is](http://www.fbm.is)

Tel. + 354 552 8755

### **EMPLOYER ORGANIZATIONS**

#### **Confederation of Icelandic Employers (SA)**

Website: [www.sa.is](http://www.sa.is)

e-mail: [sa@sa.is](mailto:sa@sa.is)

Tel. +354 591 0000

#### **Federation of Trade**

Website: [www.fis.is](http://www.fis.is)

e-mail: [fis@fis.is](mailto:fis@fis.is)

Tel. +354 588 8910

### **PUBLIC INSTITUTIONS INVOLVED IN LABOUR MARKET ISSUES**

Gateway to the government on the internet: [www.government.is](http://www.government.is)

#### **Administration of Occupational Safety and Health in Iceland (AOSH)**

Website: [www.vinnueftirlit.is](http://www.vinnueftirlit.is)

Tel. +354 550-4600

#### **Directorate of Labour**

Website: [www.vinnumalastofnun.is](http://www.vinnumalastofnun.is)

Tel. +354 515 4800

#### **Centre for Gender Equality**

Website: [www.jafnretti.is](http://www.jafnretti.is)

Tel. +354 460 6200

**Institute of Labour Market Research**

Website: [www.kjara.is](http://www.kjara.is)

Tel. +354 588 1470

**INSTITUTIONS RESPONSIBLE FOR ISSUES REGARDING FOREIGNERS**

**The Icelandic Directorate of Immigration (Útlendingastofnun)**

Website: [www.utl.is](http://www.utl.is)

Tel. +354 510 5400

**The Intercultural Centre (Alþjóðahúsið)**

Website: [www.ahus.is](http://www.ahus.is)

Tel. +354 530 9300

**The Multicultural Centre (Fjölmenningarsetur)**

Website: [fjolmenningarsetur.is](http://fjolmenningarsetur.is)

Tel. +354 450 3090

**Akureyri Intercultural Center (Alþjóðastofan)**

Website: [fjolmenningarsetur.is](http://fjolmenningarsetur.is)

Tel. +354 462 7255

**The Icelandic Human Rights Center (Mannréttindaskrifstofa Íslands)**

Website: [www.humanrights.is/](http://www.humanrights.is/)

Tel. +354 552 2720

**OTHER INSTITUTIONS**

**The Internal Revenue Directorate (RSK)**

Website: [www.rsk.is](http://www.rsk.is)

Tel. +354 563 1100

**The State Social Security Institute**

Website: [www.tr.is](http://www.tr.is)

Tel. +354 560 4400

**Statistics Iceland and the National Registry**

Website: [www.hagstofa.is](http://www.hagstofa.is)

Tel. +354 528 1000

**The National Association of Pension Funds (NAPF)**

Website: [www.ll.is](http://www.ll.is)

Tel. +354 563 6450

**The Privacy and Data Protection Authority in Iceland (PDPA)**

Website: [www.personuvernd.is](http://www.personuvernd.is)

Tel. +354 510 9600

**The Federation of Icelandic Industries**

Website: [www.si.is](http://www.si.is)

Tel. +354 591 0100

**Trade Council of Iceland**

Website: [www.icetrade.is](http://www.icetrade.is)

Tel. +354 511 4000

**Association of Icelandic Insurance Companies**

Website: [www.sit.is](http://www.sit.is)

Tel. +354 568 1612

**OFFICIAL GATEWAY TO ICELAND**

**website: [iceland.is](http://iceland.is)**

**The Government**

Website: [www.government.is](http://www.government.is)

Tel. + 345 540 8400

**The Parliament**

Website: [www.althingi.is](http://www.althingi.is)

Tel. +354 563 0500.

**The Supreme Court of Iceland**

Website: [www.haestirettur.is](http://www.haestirettur.is)

Tel. +354 510 3030

## **LABOUR LAW LEGISLATION**

Copies of these legislative texts can be obtained from the websites of individual ministries. A good starting point is [www.government.is](http://www.government.is)

Please note that subsequent amendments are not mentioned in this list.

- Act on Trade Unions and Industrial Disputes, No. 80/1938.
- Working Terms and Pension Rights Insurance Act, No. 55/1980.
- Act Respecting Labourers' Right to Advance Notice of Termination of Employment and to Wages on Account of Absence through Illness and Accidents, No. 19/1979.
- Act No. 88/1971, on 40 hours Working Week.
- The Holiday Allowance Act, No. 30/1987.
- Law on Fixed Term Employment, No. 139/2003.
- Law on Part Time work, No. 10/2004.
- Equal Status and Equal Rights of Women and Men Act, No. 96/2000.
- Maternity/Paternity Leave and Parental Leave Act, No. 95/2000.
- Act No. 27/2000 Prohibiting Redundancies due to Family Responsibilities.
- Act on Working Environment, Health and Safety in the Workplace, No. 46/1980.
- Regulation regarding the work of Children and Adolescents, No. 426/1999.
- Act on Mandatory Insurance of Pension Rights and on Activities of Pension Funds, No. 129/1997.
- Act No. 72/2002, on Workers' Rights in the Event of Transfers of Undertakings.
- Act No. 63/2000, on Collective redundancies.
- Act No. 61/1999, on European Work Councils.
- The Act No. 26/2004 on European Companies.
- The Industrial Act, No. 42/1978.
- Regulation No. 940/1999, respecting Authorized Branches of Industry.
- Regulation No. 495/2001, Respecting Recognition of Work and Vocational Training in Industry in another EEA State.
- Act respecting the Authorization of Several Professional Titles of Specialists in Technical and Design Faculties, No. 8/1996.
- Act respecting the right of workers for Employment and Residence within the European Economic Area, No. 47/1993.
- Foreign Nationals' Right to Work Act, No. 97/2002.
- Act on the Legal Status of Workers Posted Temporarily in Iceland in the Service of Foreign Undertakings, No. 54/2001.
- Act on Foreigners, No. 96/2002.
- Regulation on Foreigners No. 53/2003 & 546/2003.
- Act No. 77/2000 on The Protection of Privacy as regards the Processing of Personal Data.
- Regulation No. 888/2004, on electronic surveillance at the work place, in schools and other areas where a limited group of people may be present at any time.
- Unemployment Insurance Act, No. 12/1997.
- The Wage Guarantee Fund Act, No. 88/2003.
- Act on the Affairs of the Handicapped, No. 59/1992.