

Living and working in Iceland

► Information for EU/EEA citizens who want to
work in Iceland



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ICELAND ►

This brochure is intended for those who are interested in living and working in Iceland.

The brochure deals with the following topics:

- An introduction to Iceland
- Who can work in Iceland
- What is necessary if you want to live and work in Iceland
- Before you start working
- Who can you bring with you?
- Finding a job
- Are your diplomas valid in Iceland?
- Public Employment Services
- Private Employment Agencies
- Vacancy notices through different sources
- Applications
- The contract of employment
- Taxes, Social security, and Health
- Unemployment insurance
- Accommodation
- Education/Learning Icelandic
- Income and cost of living
- Shops
- Cultural and social life
- Transport



An introduction to Iceland

Iceland is Europe's westernmost country, the second largest island in the North-Atlantic Ocean, three hours flight from London, Paris, Amsterdam or Copenhagen. The first settlers came to Iceland from Norway and Ireland in the 9th century.

Iceland has a surface of 103.000 km² and a population of almost 300.000. It is a little larger than Ireland, but population density is low with only three persons per km² living mainly in the Southwest and along the coast. The interior of the country contains great contrasts. It is largely an arctic desert, punctuated with mountains, glaciers, volcanoes and waterfalls. Most of the vegetation and agricultural areas are in valleys and lowlands close to the coast. Iceland has relatively mild coastal climate. The average summer temperature in Reykjavik, the capital is 11°C in July, with

recorded highs of 24°C. Iceland has a relatively pollution-free environment. Industry is operated almost exclusively with clean hydroelectric and geothermal power.

Iceland is a progressive modern European society with a high level of technology and education. It has in recent years been among the top ten on United Nations list of quality of life of nations. Per capita income is among the highest in the world, but the cost of living is also relatively high. Many Icelanders have reached this standard of living by working long hours. Iceland is a republic since 1944 and a sovereign state from 1918. The official language is Icelandic, one of the Nordic languages. Many Icelanders understand English and/or the Scandinavian languages. More detailed information and key figures about Iceland can be found on www.mfa.is, www.iceland.is¹⁾.

¹⁾ All the websites referred to in this brochure have an English version.

Who can work in Iceland?

Basically nationals of the Member States of the European Economic Area (EEA) can work in Iceland. The EEA consists of the EU together with Norway, Iceland and Liechtenstein. Temporary restrictions will be effective until 2006 for new East European EU members²⁾.

The Enlarged European Union (EU) consists of: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the UK. The enlarged EEA is a common labour market consisting of 28 countries, the 25 of the EU plus Norway, Iceland and Liechtenstein. In addition Swiss nationals can also work in Iceland without work permit and the Swiss Public Employment Service participates in the EUROpean Employment Services (EURES) Network.

EEA citizens are free to enter Iceland for up to three months to look for work, (with some temporary restrictions for new EU members). If you want to stay for more

than three months you apply for a residence permit at the Directorate of Immigration www.utl.is. Citizens of Denmark, Finland, Norway and Sweden: Please note the special Nordic Cooperation rules.

All EEA citizens are free to set up business in Iceland.

What is necessary if you want to live and work in Iceland?

- A valid passport.
- Documents for transferring health and social security rights. The E-100 series for health and sickness insurance.
- The certificate E-301 is necessary to confirm your unemployment insurance which can entitle you to unemployment benefits if you have worked at least 10 weeks in Iceland.
- The European Health Insurance Card, issued by some EU countries is valid in Iceland. (All EEA countries will use this card in 2005).
- Sufficient funds until you get your first salary or for your return ticket.

²⁾ Nationals of Poland, Lithuania, Latvia, Estonia, Hungary, Czech Republic, Slovakia, and Slovenia will need special work permits in Iceland during a transitional period from 1 May 2004 till 1 May 2006. The employers apply for work permit individually. Current info about special rules is posted on www.eures.is



Before you can start working in Iceland

Personal ID-number

You apply for a Personal Identification Number (Kennitala) at The National Register of Persons (Hagstofan) and register your address. You can get the necessary form on www.hagstofa.is then you send it with a copy of your passport.

Tax Card

With the registration in order you can apply for a tax card. At www.rsk.is you can print out the application form and get a temporary tax card. If you have a residence permit your tax card is valid for a longer time. EEA nationals working and living in Iceland have the same rights and obligations as Icelandic citizens.

Labour Law Handbook

You can find more detailed information in the Icelandic Labour Law handbook at the Icelandic Confederation of Labour website. [http://www.asi.is/upload/files/labourlaw\(1\).pdf](http://www.asi.is/upload/files/labourlaw(1).pdf)

Who can you bring with you?

Your family and dependent relatives, they will have the same rights as you.

Finding a job in Iceland

It is a good idea to start looking for a job before you move to Iceland. Visiting the EURES Job Mobility Portal is a wise first step for job seeking in Iceland; <http://europa.eu.int/eures> > Find a Job. The Portal contains at present (2004) a number of job opportunities, temporary, seasonal and permanent, where speaking Icelandic is not required. This website also contains general information on living and working in Iceland and information about the situation on the labour market. You get complementary and more specific information on the Icelandic EURES website www.eures.is. For all EURES job vacancies from Iceland you are requested to fill in an on-line application form or email your CV and covering letter or use the fax as a last resort. Please do not use ordinary mail ("snail-mail") as it is simply too slow. You can also find the application form on www.eures.is. When you have filled in the application form you are welcome to contact the Icelandic Eures advisers; eures@svm.is. Your local Eures adviser can also assist you. To find the nearest EURES office: <http://europa.eu.int/eures> > Eures advisers.

Are your diplomas valid in Iceland?

Before travelling to Iceland it is wise to find out which jobs are open for persons with your qualifications. You can also have your diploma(s) assessed for equivalence in Iceland. Information about validity of diplomas of health professionals and associate professionals is available at the Ministry of Health and Social Welfare www.stjr.is.

The basic principle is that valid qualifications to practice a certain profession in your homeland are also valid in other EEA countries. Higher degrees, at least three years studies (BA, BSc, BS) and vocational studies with a secondary school education, will be recognized all over the EEA. We recommend that you find out before going to Iceland if your academic degree or vocational diploma is comparable to an Icelandic one. The Icelandic NARIC/ENIC Office (National Academic Recognition Information Centre) is located at the University of Iceland: www.ask.hi.is and www.enic-naric.net. For vocational education diplomas you can find out by contacting the Ministry of Education and



Culture. The Ministry of Culture and Education, www.menntamalaraduneyti.is

An assessment of equivalence of your diplomas will make it easier for Icelandic employers to evaluate your knowledge and skills. Lack of Icelandic language skills can limit your options considerably.

Public Employment Service

The public employment service is operated by the state. The Icelandic word for employment service is Vinnumidlun. In all eight regions there is an employment service, the largest one is in Reykjavik serving the whole Capital Area. The Icelandic EURES-advisers are located there. The addresses are available on www.vinnumalastofnun.is and www.eures.is. As EEA national you have free access to the services, although we recommend that you start looking for available jobs at www.eures.is or the EURES Job Mobility Portal: <http://europa.eu.int/eures>

Private Employment Agencies

Recruitment agencies offer management positions and expert jobs. In most cases speaking Icelandic is necessary. There may be exceptions, for instance specialized high tech jobs. You will find the addresses of the private agencies on www.eures.is

Vacancy notices from different sources

Trade unions and professional organisations

The professional organisations often have specific information on the labour market prospects in the respective trade. In some cases job opportunities are posted on their websites. You find links to trade unions and professional organizations at www.eures.is. Finding companies within your branch: www.gulalinan.is (Icelandic only). You get a list of export companies on www.icetrade.is (The Export Council). Sending speculative job applications with CV and credentials can sometimes be a good idea.

Newspapers

The newspapers are an important source of advertisements for all kinds of jobs, www.mbl.is (with most advertisements on Sundays) www.frettabladid.is and www.dv.is. You can sometimes find partly translated job advertisements from newspapers that might be interesting for other EEA nationals on www.eures.is

Internet

The internet is widely used in Iceland. The Public Employment Service puts vacancies on the internet www.vinnumalastofnun.is (only in Icelandic). Some companies post their job opportunities on their websites (usually the company name followed by .is). You can sometimes find hints to such job opportunities on www.eures.is.

Applications

We recommend the application form on our website for EURES vacancies: www.eures.is. Some words about background e.g. growing up on a farm can be relevant and so is voluntary work especially if you have no previous work experience. When you are applying for agricultural jobs you usually live with the family on the farm. The online application

form is a method of effective recruitment. The applications that fulfil the requirements for the respective job opportunities are forwarded to the appropriate employers. The employers then contact the applicant(s) directly.

The Curriculum Vitae (Personal and employment profile)

In Iceland short and to the point CVs are most useful when you apply for non-EURES vacancies, one page of A4 is appropriate in most cases. Reverse chronological order of education and work experience is usual.

CVs contain the following:

- Personal details, date of birth, Nationality, Civil Status
- Contact details: Address, telephone, number(s) and email
- Education and training (including any important courses and driving licence(s))
- Work experience (with exact dates) if you have not that much work experience you can list voluntary work, helping at your parent's farm etc.)
- Hobbies and interests
- A photo is optional and may be helpful.



The interview

Most Icelandic employers using the EURES service make their recruitment decisions after some telephone conversations and email correspondence with the applicants. For professional, expert and management positions a formal interview in person is often necessary.

The contract of employment

In most sectors there are collective agreements between trade unions and employers. You can read more about collective agreements, rates of pay, wages and salaries, and basic rights and obligations in the Icelandic Labour Law Handbook at the website of the Icelandic Confederation of Labour [www.asi.is/upload/files/labourlaw\(1\).pdf](http://www.asi.is/upload/files/labourlaw(1).pdf) or find a link to it on www.eures.is. >Living and working. The contract can be verbal at the start but the employer is obliged to give you a written contract or declaration no later than two months after you start working. If you need an employment contract form you can find one on www.eures.is.

The employment contract form has fields for all the necessary information such as short description of the work, duration, wages or a fixed salary, monthly or weekly payment. The terms of the collective agreement are regarded as included in the contract of employment, such as minimum rates of pay, right to holiday and paid leave, wages during sickness, insurance, pension rights etc. An employment contract with poorer terms than the minimum of the collective agreement is not legal.

Taxes, social security, health

Taxes

Income tax is deducted at source in Iceland which means that the tax is withheld by the employer and remitted to the government on behalf of the employed (Pay as you earn). There is one main income tax bracket which in 2004 is 38.58%. A full personal exemption (tax credit) is ISK 27.496 per month. In practice income under the limit of 74.000 ISK per month is free of Income tax, and the income above 74.000 ISK is, up to a certain limit, taxed by 38.58%. If you stay in Iceland for more than six months you will be taxed in the same manner as an Icelandic citizen. If you stay in Iceland for a maximum of six months you pay taxes only of the income you receive in Iceland. You can find the addresses of the Tax offices on www.rsk.is, international.

Example of taxation:

Monthly salary (gross)	100.000
4% paid to a certified pension fund	4.000
Taxable income	96.000
Tax	37.037
-Personal exemption	-27.496
Income tax	9.541
Net salary	86.459

If you work on a farm a part of your salary is accommodation and food, which is also taxable income. If you earn 150.000 ISK per month, the net income will be 116.000, if you earn 250.000, it will be 174.900. Usually 1% Union fee is deducted from the monthly salary (gross). You are expected to send an income report to the tax authorities a week before you leave, for calculating the final amount of tax, in some cases there may be a partial refund. If there is no tax return, the tax authorities (over)estimate your income and tax you accordingly, further info in English and Danish:

http://www.rsk.is/show_page.asp?url=/international/working_temporarily.asp&val=1.0

Social security and health

Health insurance

Your health insurance is paid via the state income tax. If you transfer your health security rights with E-104 or E-119 you will enjoy the same rights as nationals, otherwise you have to wait for six months. With E-111 for short term stay you pay the same fees at hospitals and healthcenters as nationals, the bill for the rest of the cost is



sent to the health insurance in your homeland. If you have no rights during the six months waiting time you can get a health insurance at private insurance companies. Please note that all EEA countries will use the EU Health Card from year 2005.

The first stop in health care is a general practitioner at a health care centre. You can also consult a specialist doctor of your own initiative. Patients pay ISK 700 for a general practitioner consultation. Specialist consultation costs more, you pay a fee that partly covers the cost, and the health insurance pays the rest. In emergencies your doctor can refer you to a hospital or you can go to the Emergency Ward at the National University Hospital in Reykjavik. Hospital treatment is paid by the health insurance.

Maternity/paternity benefit

If you work in Iceland for at least one month prior to birth and transfer the right to maternity benefit from other EEA country (with E-papers) you will get maternity benefit that is basically 80% of your income during the last 12 months.

Mothers can take six months of paid maternity leave. Fathers get three months.

Further information on health security rights and benefits is available in a number of languages: The State Social Security Institute: www.tr.is

Children benefits

The State Treasury pays children benefits with every child under 16 years of age. When you have worked a minimum time in Iceland you are entitled to children benefit. The amount varies depending on whether the custodial parent is single or not. The benefits are partly linked to income. The calculation of the income linked benefit is based on your annual tax return. More info at www.rsk.is International.

Pensions

In Iceland it is mandatory to pay 4% of the salary to a pension fund. The employer pays 6%, (7% from 2005). When you retire the pension fund in your homeland will be responsible for transferring and paying out your pension.



Unemployment insurance

When you start working in Iceland you and your employer will contribute to the Icelandic social security system and you gain the right to benefits. Payment to unemployment insurance is a part of the employer's contribution (tryggingagjald). You are insured automatically as soon as the employer pays the contribution. You can transfer your rights from other EEA-countries with E-301. The minimum period of work to become entitled to unemployment benefit in Iceland is 10 weeks of paid full-time work within the last 12 months. This will entitle you to a partial benefit but with E-301 transfer of rights you can get full benefit.

You can transfer the unemployment insurance rights you acquire in Iceland back home if you get an E-301. You can get the form for E-301 at the website of the Directorate of Labour, www.vinnumalastofnun.is and your

employer must write a declaration confirming your work period and pay the employer's contribution.

If you are entitled to unemployment benefits in your home country you can transfer your rights to Iceland provided you have been claiming this benefit for four weeks before you leave. You can thus continue to receive the unemployment benefit from your home country for up to three months while looking for work in Iceland. Your unemployment benefit administration determines whether the conditions are fulfilled and issues an E-303 for you. You show the E-303 and register at the local employment office in Iceland (Vinnumiðlun), no later than eight days after your arrival in Iceland. This document (E-303) secures the payment of your unemployment benefit in Iceland - you find the addresses on www.vinnumalastofnun.is and www.eures.is

Living in Iceland

Accommodation

The Icelandic market for privately owned accommodation is large, comprising in principle 75-85 per cent of the housing stock. The market for rental accommodation is, therefore, limited. The rent in Reykjavik and the capital area is generally higher than in most other towns.

In the Reykjavik area the website www.leigulistinn.is has some offers, and the newspapers, www.mbl.is www.dv.is www.frettbladid.is >Húsnæði í boði (all in Icelandic). You can also advertise on the billboards of supermarkets and universities. Accommodation for rent is mostly unfurnished. Rent is normally paid on a monthly basis, at least one month in advance.

In the Reykjavik area small hotels and guesthouses, (costing less in winter than summer), may be the best option for the short term while you are finding a long term solution www.gisting.is. The least expensive is probably the Youth Hostel (Farfuglaheimilið), Sundlaugavegur 34, 105 Reykjavík. Tel: (354) 553 8110, fax: (354) 588 9201.

Buying property

If you expect to stay permanently in Iceland buying a flat or a house may be a wise move. The state run Housing Financing Fund offers loans to 70-90% of the price. You get info in English, Danish and Polish on www.ils.is The banks are also offering long term loans at low interest rates.

Education

The Icelandic school system consists of primary schools, secondary schools and higher education. Kindergartens or preschools are considered a part of the educational system.

Iceland has mainly followed the Nordic tradition aiming at offering preschool (kindergarten) to all children above the age of two years. There may be some waiting lists, however, e.g. in the Reykjavik Area. In many agricultural areas the distance between the farms makes preschool opportunities less practical.

In Iceland primary school attendance is compulsory for all children between six and 16. The school is free of charge. The school

year starts in the last weeks of August and lasts until the first half of June. Special assistance is offered for foreign children in most primary schools.

You find a list of primary schools on www.menntamalaraduneyti.is (also in Nordic languages) and www.menntagatt.is.

There are secondary schools in all larger towns and regions, also free of charge. Education at university level is offered by state run universities in Reykjavik and Akureyri, and two private colleges. A list of all higher educational institutions is available at www.ask.hi.is.

Learning Icelandic

If you plan to stay and work in Iceland for a longer period of time learning Icelandic is a good idea. Fair English is often sufficient for many kinds of unskilled manual jobs. If you want a job that requires communication with customers and more specialized jobs speaking Icelandic is usually required. There may be some exceptions in high tech jobs. In the Reykjavik area you can learn Icelandic at

the Reykjavik Municipal Center for Adult Education, www.namsflokkar.is. If you are member of a trade union you can get some financial support for paying the course fees. The University of Iceland offers courses in Icelandic for foreigners at an academic level www.hi.is The University Institute of Continuing Education offers evening courses in Icelandic www.endurmenntun.is

Income and cost of living

The minimum salary per month is 100.000 ISK or 1130 Euro (in 2004) according to the collective agreement there will be an increase of 3% per year in 2005 and 2006. Most unskilled jobs offered by EURES in Iceland are paid near the minimum. The salaries for skilled trades are higher. The average monthly salary for 40 hours working week in 2003 was 147.000 ISK for unskilled workers, for skilled trades 227.000, shop assistants 163.00, and office clerks 188.000. Compared to other EEA countries the cost of living in Iceland is relatively high. Estimated cost of living is approximately 80.000 ISK per month for one person. You can expect to pay 25.000-30.000 per month for a single room with



access to kitchen and bathroom. For a small apartment you pay at least 40.000. Price of some selected items, calculated in Euro (November 2003).

Pint of beer.....	7
Levi Jeans.....	67
Big Mac meal.....	8
Music CD.....	22
Can of Cola	1.10
Cheerios.....	4
Frozen chicken kg	4
Cinema ticket	9
Theatre ticket	28
Coffee (kg).....	8.50
Flat to rent (pr. Square meter)	10
Hot water, 1m ³	6
Electricity 1 kWh	0.09
Reykjavik Area Bus card,	
- three months	118
- one month	50

Money matters

You can use the bank card from your homeland in Icelandic banks (also Automatic Teller Machines or Autobanks), and most shops. If you work or get unemployment benefit (E-303) it is

necessary to open a bank account. It is very easy in Iceland, you need an Icelandic ID number (Kennitala), and then you go to the bank.

Import of private assets

In principle you can take with you all necessary household articles and furniture without paying import dues. More info on www.tollur.is.

Shops

In Iceland the rules for shopping hours are liberal, some are open on Sundays. You can use credit cards and bank cards almost everywhere.

Cultural and social life

Compared to other cities of similar size, Reykjavik offers an exceptionally varied choice of cultural events especially during the winter, the whole spectrum of music, visual arts, theatre, cinema and opera. The Art Festival of Reykjavik is annually offering a variety of international and national events. The cultural life in



Reykjavik is vibrating and you can always find something interesting. In almost all communities in Iceland there are active cultural and social clubs. Icelanders are very active participants in choirs, amateur theatre and social life.

You can get more information on <http://reykjavik.is/>, www.musik.is www.artfest.is www.listasafnreykjavikur.is www.listasafn.is

Transport

There are no railways in Iceland, but a net of bus routes serves most towns and villages. You can see the net and timetables on www.bsi.is. From Reykjavik there is a net of bus routes covering the Capital Area, www.bus.is.

There are daily connections by air to the largest towns in Northern and Eastern Iceland, to the Westman Islands and the Westfjords. You can see the timetables and book flights on www.flugfelag.is and www.islandsflug.is

International travel

There are daily connections to Iceland from a number of airports in Europe. You can get connecting flights to Copenhagen, Oslo,

Stockholm, Glasgow, London, Frankfurt, Amsterdam and Paris. There are also direct flights to Barcelona, Munich and Milan during the summer.

Iceland Express is a low fare airline flying twice a day to/from Copenhagen and London/Stansted. www.icelandexpress.com

Icelandair offers flights to/from Copenhagen, Oslo, Stockholm, Glasgow, London (Heathrow), Amsterdam, Paris, Frankfurt, (Barcelona, Munich and Milan during the summer). www.icelandair.com www.icelandair.co.uk, icelandair.de, [.dk](http://icelandair.dk), [.no](http://icelandair.no), [.nl](http://icelandair.nl), [.fr](http://icelandair.fr) to see special offers in each country.

It is also possible to take a ferry from Norway and Denmark via the Faroe Islands to East Iceland. This option is popular among those who take their car with them. www.smyrilline.fo

Disclaimer

Please note that the information in this brochure is provided to you for your convenience, no rights can be derived from it. Your rights are based on Icelandic and EU/EEA legislation. For legal purposes we refer you to the respective laws.





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