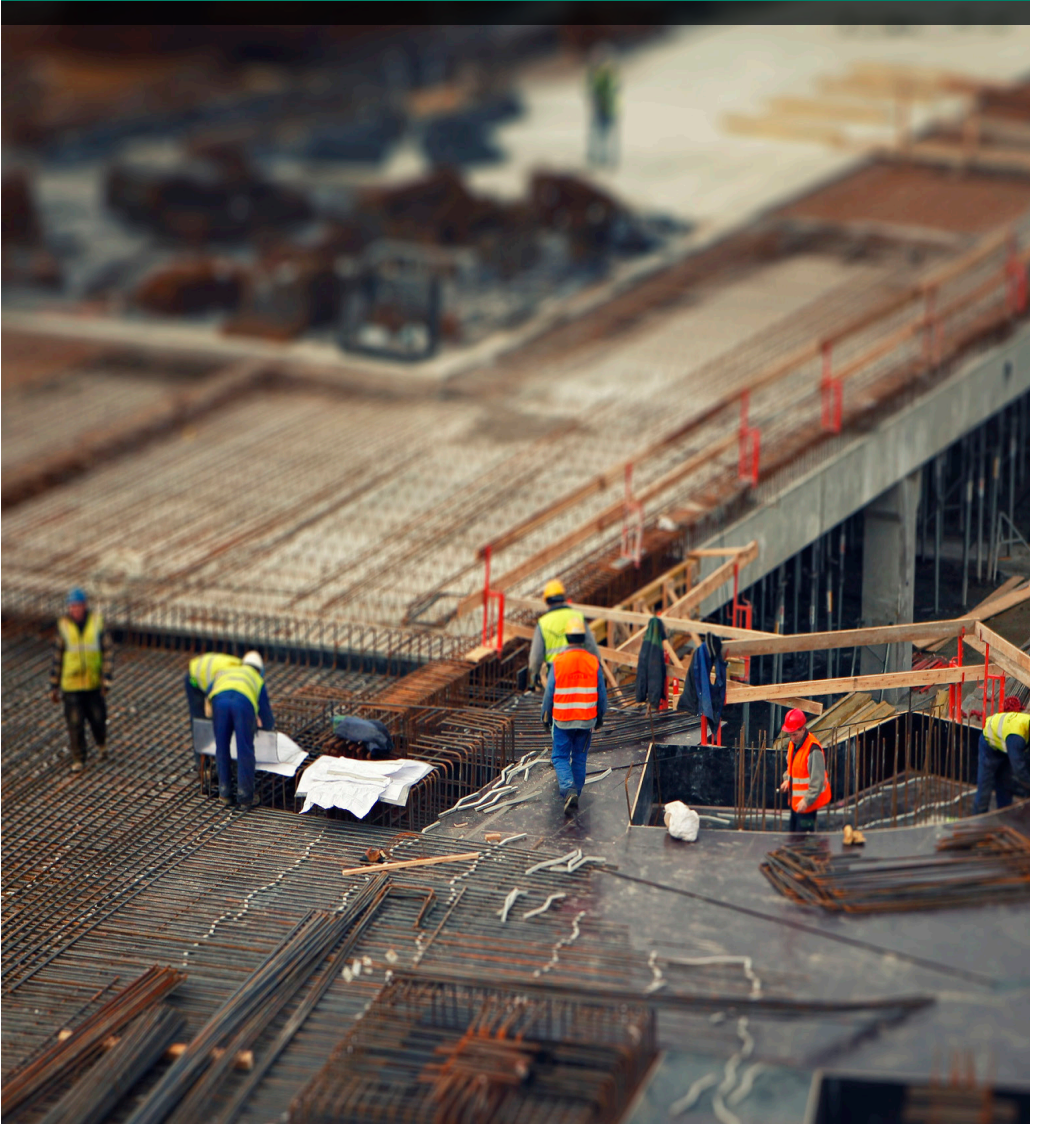


Posted Workers and Temporary-Work Agencies



Points that foreign service companies,
temporary-work agencies and Icelandic
user undertakings must bear in mind

The Directorate of Labour is in charge of the application of Act No. 45/2007, on the rights and obligations of foreign undertakings that post workers temporarily in Iceland and on their workers' terms and condition of employment (the 'Posted Workers Act'; such workers are normally referred to as 'posted workers'). The Directorate is also in charge of the application of the Temporary-Work Agencies Act, No. 139/2005. This booklet covers the main rules applying to posted workers and temporary-work agencies.

Posted Workers

Obligation to provide information

Act No. 45/2007 applies to companies (service companies) which are established in another EEA Member State, another EFTA State or the Faroe Islands and which post workers in Iceland on a temporary basis in connection with the provision of services in any of the following ways.

- a. **Workers are posted to Iceland by the company and work under its direction in connection with a contract with a user undertaking covering the provision of services in Iceland;**
- b. **Workers are posted in Iceland by the company to its branch or to a company in Iceland owned by the same corporate group, or**
- c. **Workers are posted to Iceland by the company and are hired out in return for a fee to carry out work at the workplace of a user undertaking and under its direction. This refers to temporary-work agencies, and therefore Act No. 45/2007 also applies to temporary-work agencies.**

A further condition is that a contractual relationship shall exist between the company and the worker during the time when he or she works in Iceland. Consequently, the Act does not apply to work done by independent contractors.

The Act prescribes the duty of a company intending to provide services in Iceland for a total of more than ten working days in any twelve-month period to provide the Directorate of Labour with information on, amongst other things, the provision of the services and a survey of the workers who will be working in Iceland under the company's auspices.

- **This information shall be submitted electronically on the Directorate's homepage, www.vmst.is.**

Exemption from service companies' obligation to provide information applies in cases involving services that consist of specialist assembly, installation, monitoring or repairs of equipment, which is not intended to take more than **four weeks** in any twelve months; in such cases the company is not required to register.

- **In the event of doubt as to whether a service company should report to the Directorate of Labour, the Directorate shall in all cases be contacted for guidance.**

If you are unsure – contact us and ask!

Posted Workers' Terms and Conditions of Employment

During the time when posted workers are working in Iceland, **Icelandic law applies to their terms and condition of employment**. This includes the Working Terms and Pension Rights Insurance Act, No. 55/1980, as regards minimum wages and other wage-related issues, overtime payments, the right to vacation pay, maximum working hours and minimum rest periods. The Act specifies that wages and other terms and conditions negotiated by the organisations of the social partners are to be minimum terms. Thus, Icelandic collective agreements lay down minimum terms for foreign workers who are posted to Iceland on a temporary basis during the time that they work in Iceland. Furthermore, these workers are entitled to wages during **absence from work due to illness and in consequence of accidents** while they are working in Iceland in connection with the provision of services.

- **In order to ensure that foreign workers' terms of employment are in accordance with Icelandic collective agreements during the periods in which they work in Iceland, the Directorate of Labour requests to have copies of the employment contracts of workers posted to Iceland.**

Representatives

If a company provides a service in Iceland for a total of more than **four weeks** in any twelve months, it shall have a representative in Iceland. The representative may be one of the company's workers who are temporarily working in Iceland. It shall not be necessary to nominate a **representative** if fewer than six workers are normally working in Iceland under the

company's auspices. The company's representative shall represent it and be responsible for providing the authorities with information according to law and have the legal competence to receive administrative decisions on behalf of the company.

User Undertakings

An Icelandic user undertaking that makes use of the services of a foreign service company is obliged to request a written confirmation that the service company has met its obligation to provide information to the Directorate of Labour. If the service company does not comply with the user undertaking's request, the Directorate of Labour shall be notified of this, and shall also be given information on the company's name, the name of its official representative, its address in its home state and the type of service to be provided.

Temporary-Work Agencies

Obligation to Provide Information

Act No. 139/2005 applies to temporary-work agencies on the domestic labour market and their employees. By 'temporary-work agency' is meant a service company which, according to a contract and in return for a fee, hires out its workers to perform work assignments at the workplace of a user undertaking under the supervision of the latter.

Temporary-work agencies that are not established in the European Economic Area or in an EFTA State may not provide services in Iceland.

Any person, Icelandic or foreign, who wishes to provide temporary-work

If you are unsure – contact us and ask!

General enquiries about issues concerning temporary-work agencies and service companies from the European Economic Area may be sent to: atvinnurettindi@vmst.is.

For further information and access to registration, see the Directorate's homepage, www.vmst.is

agency services in Iceland shall notify the Directorate of Labour of this **not later than the same day as the operations commence.**

A temporary-work agency that intends to provide services in Iceland for a total of more than ten working days during each twelve-month period shall provide the Directorate of Labour with information on the workers who are to work in Iceland, details of their dwelling places and period of stay in Iceland, the name and ID No. of the user undertaking, etc.

- **Registration of temporary-work agencies and notifications concerning workers posted to Iceland are to be made electronically on the Directorate's homepage, www.vmst.is.**

Terms of employment and Conditions of the Employees of Temporary-Work Agencies

During the time in which they work on projects for user undertakings, employees of temporary-work agencies shall receive at least the same wages and other terms and conditions as they would if they had been engaged directly by the user undertakings to do the same work. The temporary-work agency shall in all cases deliver employment contracts to the Directorate of Labour so the Directorate can ensure the terms of employment of these workers and that they comply with Icelandic

collective agreements. On other matters, reference is made to the discussion above of posted workers' terms and conditions of employment; as Act No. 45/2007 also applies to temporary-work agencies.

Representatives

A temporary-work agency that provides services in Iceland for a total of more than ten working days during each twelve-month period shall have a representative in Iceland. The representative may be one of the workers of the temporary-work agency who are working in Iceland. The agency's representative shall represent it and be responsible for providing the authorities with information according to law and have the legal competence to receive administrative decisions on behalf of the temporary-work agency.

User Undertakings

User undertakings shall be obliged to request a written confirmation that the temporary-work agency has met its obligation to provide information to the Directorate of Labour.

A worker who has previously worked for a user undertaking may not be hired out to the same undertaking until six months have elapsed. Furthermore, the temporary-work agency may not restrict the right of a worker who has been hired out to a user undertaking to enter into a subsequent employment relationship with that undertaking.

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Open Monday - Friday 9am - 3pm