



FÉLAGS- OG  
TRYGGINGAMÁLARÁÐUNEYTIÐ

*Ministry of Social Affairs and Social Security*

**Act on temporary-work agencies, No. 139/2005,  
as amended by Act No. 45/2007 and No. 88/2008.**

SECTION I

**Scope.**

Article 1

*Scope.*

This Act shall apply to temporary-work agencies on the domestic labour market. [Furthermore, the Act on the Rights and Obligations of Foreign Undertakings that Post Workers Temporarily in Iceland, and on their Workers' Terms of Service shall apply to the activities of those temporary-work agencies that provide services in Iceland on the basis of the Agreement on the European Economic Area, the Convention Establishing the European Free Trade Association or the Agreement between the Government of Iceland on the one hand and the Government of Denmark and the Domestic Administration of the Faroe Islands on the other hand (*cf.* Article 1 of that Act).]<sup>1)</sup>

The term “temporary-work agency” refers to 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 company under the supervision of the latter.

<sup>1)</sup> Act No. 45/2007, Art. 22, item a.

SECTION II

**Registration and notification.**

Article 2

*Registration.*

Any person wishing to provide temporary-work agency services in Iceland shall notify the Directorate of Labour of this eight working days before such operations are to begin for the first time.

The notification to the Directorate of Labour under the first paragraph shall state the name of the firm, its ID No. and address and the name of its representative and his or her ID No. and address. If the temporary-work agency is established in another state in the European Economic Area or in an EFTA state, information shall be provided concerning its establishment in its home country and the name of a representative of the firm, its address in its home country and its VAT number or other comparable evidence of its operations, demonstrating that the firm functions legally as a temporary-work agency in its home country in accordance with the laws of that country.

The Directorate of Labour shall maintain a register of those who have sent in notifications under this Act and publish it in an accessible form.

Parties other than those who are on the register at the Directorate of Labour may not provide temporary-work agency services in Iceland.

Temporary-work agencies that are not established in the European Economic Area or in an EFTA state may not provide services in Iceland without becoming established unless this is permitted under agreements to which Iceland is a party.

### Article 3

#### *Special 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 temporary-work agency shall inform the Directorate of Labour of the name of the company's representative in Iceland, and also of his or her ID No. and domicile or temporary address in Iceland, eight working days before its operations in Iceland commence. If the company changes its representative while it conducts operations in Iceland, it shall report the change without unreasonable delay.

Temporary-work agency's representative [shall represent it and]<sup>1)</sup> be responsible for providing the authorities with all information according to this Act, and also information that temporary-work agency is obliged to give under Article 2 of the Employees' Terms of Service and Compulsory Pension Rights Insurance Act, No. 55/1980, with subsequent amendments. Furthermore, he or she shall be authorised to receive decisions by the authorities or, as appropriate, the service of a summons, in a way that is binding in law for the temporary-work agency. These obligations of the representative shall remain in force for twelve months after the operations of the temporary-work agency in Iceland come to an end.

A temporary-work agency as provided for under the first paragraph of this Article may not provide services in Iceland if it has neglected to notify the Directorate of Labour of its representative, or of a change of representative.

<sup>1)</sup> Act No. 45/2007, Art. 22, item b.

### Article 4

#### *Obligation to provide information.*

[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 the following information not later than eight working days before the services are provided on each occasion:

1. A survey of the workers who will be working in Iceland on the temporary-work agency's account, stating their names, dates of birth, addresses in their home country, nationality, information establishing that they are covered by social insurance in their home country (E-101) and their occupational qualifications, where appropriate.
2. In the case of foreign workers, information on their dwelling place and intended period of stay in Iceland.
3. The validity of workers' work permits in the home country in the case of workers who are not nationals of Member States of the European Economic Area or EFTA States or the Faroe Islands.
4. The name of the user undertaking and its ID number or other comparable means of identification.
5. Confirmation that workers are covered by accident insurance under Article 7 of the Act on the Rights and Obligations of Foreign Undertakings that Post Workers Temporarily in Iceland, and on their Workers' Terms of Service while in Iceland.
6. Any other information that may be requested by the Directorate of Labour, such as copies of service contracts and employment contracts, in order to establish that the temporary-work agency does demonstrably provide a service under Article 36 of the Agreement on the European Economic Area, the Convention establishing the European Free Trade Association or the Agreement between the Government of Iceland on the one hand and the Government of Denmark and the Domestic Administration of the Faroe Islands on the other hand, and that the workers are employees of the temporary-work agency, and also a copy of the service contracts and employment contracts.

The Directorate of Labour shall issue the temporary-work agency with a written confirmation that it has received the materials under items 1-4 of the first paragraph of this Article which the temporary-work agency is obliged to deliver to the user undertaking before the service is provided (*cf.* Article 4 a).

Temporary-work agency shall inform the Directorate of Labour if changes occur to information it has already submitted to the directorate under the first paragraph of this Article).

The Directorate of Labour may submit the information specified in items 1-4 of the first paragraph of this Article, and in the third paragraph of this Article, to the relevant authorities as appropriate, particularly to the tax authorities, the National Social Security Institute, the Directorate of Immigration, the Occupational Safety and Health Authority and the National Registry.]<sup>1)</sup>

<sup>1)</sup> Act No. 45/2007, Art. 22, item c.

#### [Article 4 a

##### *Obligations of user undertakings.*

Before services are provided, user undertakings shall request written confirmation under the second paragraph of Article 4 that the temporary-work agency has met its obligation under Article 4 to provide information to the Directorate of Labour.

If a temporary-work agency does not comply with a request by a user undertaking under the first paragraph of this Article, the user undertaking shall report this to the Directorate of Labour, submitting information on the undertaking's name, the name of its senior manager and its address in its home country. The report shall state that a temporary-work agency is involved. If the name of the undertaking's senior manager is not known, information shall be given on the name of the person who represents the undertaking,

The user undertaking shall provide the trade union shop steward at the workplace, or the relevant trade union in cases where there is no shop steward at the workplace, with written confirmation as provided for under the second paragraph of Article 4 (*cf.* the first paragraph of this Article), if the shop steward or trade union so requests.]<sup>1)</sup>

<sup>1)</sup> Act No. 45/2007, Art. 22, item d.

### SECTION III

#### **General provisions.**

##### Article 5

##### *Prohibition on charging fees.*

A temporary-work agency may not demand payments, make agreements involving payments or accept payments, from their employees in return for offering them or providing them with employment, either at the beginning of their contractual relationship or later.

##### Article 6

##### *Restriction on hiring out employees.*

A temporary-work agency that has engaged a worker who previously worked for another company may not hire the worker out to that company until six months have elapsed from the expiry of his contractual relationship with that company.

[In exceptional cases, the Directorate of Labour may, on the basis of a reasoned request by a worker, grant an exemption from the first paragraph of this Article.]<sup>1)</sup>

<sup>1)</sup> Act No. 45/2007, Art. 22, item e.

##### Article 7

##### *Engagement by a user company.*

A temporary-work agency may not restrict the right of an employee who has been hired to a user company to enter into a contractual relationship with that company at a later date.

##### Article 8

##### *Written contracts of engagement.*

A temporary-work agency shall make written contracts of employment with its employees. Such contract shall be made in two copies, each party to retain one. Furthermore, written information shall be provided on the tasks that the employee is to be sent to work on in each individual instance before the work commences.

SECTION IV  
**Supervision and penalties.**

Article 9  
*Monitoring.*

The Directorate of Labour shall monitor the application of this Act and of regulations issued hereunder.

If the Directorate of Labour receives a complaint, with reasons cited, that a temporary-work agency has violated the provisions of this Act, it shall be obliged to investigate the matter further. If the directorate comes to the conclusion that the temporary-work agency has violated the provisions of this Act, it shall demand, with suitable notice, that the temporary-work agency operate in compliance with the law.

Article 10  
*Information for the purpose of monitoring.*

[Temporary-work agency shall provide the Directorate of Labour with the information and materials that the directorate considers necessary for monitoring the application of this Act, including service contracts, employment contracts and other materials concerning terms of service.

User undertaking shall also provide the Directorate of Labour with the information and materials relating to the business between the parties that the directorate considers necessary in order to monitor the application of this Act, including service contracts.]<sup>1)</sup>

Employees of the Directorate of Labour may not use their position to obtain information on agencies' operations other than the information that may be necessary for the purposes of supervision and monitoring. Furthermore, they may not provide other parties with information on agencies' operations, their employees or other parties if they have received this information in connection with their work and there is reason to consider that it should be kept secret.

<sup>1)</sup> Act No. 45/2007, Art. 22, item f.

Article 11  
*Temporary suspension of operations.*

If the Directorate of Labour has demanded, with suitable notice, that a temporary-work agency comply with the law, and if nothing has been done to rectify the situation by the deadline granted for doing so, then the Directorate of Labour may demand that the police stop work being done temporarily or close the operations of the temporary-work agency temporarily until the situation has been rectified.

Article 12  
*Provision for appeal.*

Appeals against decisions by the Directorate of Labour may be lodged with the Ministry of Social Affairs within three months of the notification of the decision to the party concerned. An appeal shall be regarded as having being lodged in time if the letter presenting it is received by the ministry, or has been posted, before the deadline expires.

The Ministry of Social Affairs shall seek to deliver its ruling within two months of receiving the matter for adjudication.

In other respects, procedure shall be in accordance with the provisions of the Administrative Procedure Act.

Article 13  
*Penalties.*

Violations of this Act, or of regulations issued hereunder, shall be punishable by fines unless more severe punishments are prescribed in other statutes.

Fines shall be paid to the State Treasury.

...

<sup>1)</sup> Act No. 88/2008, Art. 233.

SECTION V

**Miscellaneous provisions.**

Article 14

*Regulations.*

The Minister of Social Affairs may issue a regulation on the further application of this Act.

Article 15

*Commencement.*

This Act shall take immediate effect. A temporary-work agency already operating on the domestic labour market shall meet the conditions of Articles 2 and 3 by 1 February 2006 at the latest.

Article 16

...

**Interim provision.**

This Act shall be revised within two years of its commencement.

*[This translation is published for information only.  
The original Icelandic text is published in the Law Gazette.  
In case of a possible discrepancy, the original Icelandic text applies.]*