Efforts are made to make it easier for foreign experts to come to Iceland

Special legislative provisions on employment rights make it easier for experts who are citizens of countries outside the EEA to gain employment and residence permits in Iceland.

Applications for temporary work and residence permits are sent to the Icelandic Directorate of Immigration. This body is responsible for the issue of residence permits once the Directorate of Labour has granted its approval for a work permit.

A temporary work permit for a position that requires expert knowledge is only granted under the following conditions:

- The position may not be due to a temporary project
- The expert knowledge of the person must be essential for the company.
- The person’s expert knowledge must be based on university, vocational, art or technological education that is officially recognised in Iceland (or in exceptional cases, that the person in question has extensive experience that can be regarded as equivalent to expert knowledge)
- In the event of a legally protected professional title, such as within a trade or healthcare profession, confirmation of that person’s certification must be obtained, e.g. from the Directorate of Education (Menntamálastofnun) or the Directorate of Health (Embætti landlæknis)
- The person in question must provide evidence of minimum means of support and health insurance

An application for a residency and work permit costs ISK 15,000 (2019). The Directorate of Immigration provides an accelerated procedure in exchange for a service fee amounting to ISK 45,000 (2019), which shortens the processing time of the Directorate from 90 days to 30 days. Likewise, the Directorate of Labour grants such applications the same accelerated procedure, which takes only a few days.

Please note that if the person in question needs a visa to enter the country, the Embassy will need up to 14 days to process such application.

Further information on residence permits for employment participation is on the website of the Directorate of Immigration: utl.is/index.php/atvinna

Further information on temporary employment permits is on the website of the Directorate of Labour: vmst.is/atvinnurekandi/atvinnuleyfi-utlendinga/timabundin-atvinnuleyfi

Permits may be extended for up to one year at a time, and it is possible to obtain an accelerated process as is the case for experts. Permits due to lack of workers for an initial term of up to one year is also an option.

Among the things a company recruiting an expert must do:

- Provide information on efforts to recruit employees from the EEA area or provide reasoning why such attempts were not made. An exemption may be made from this requirement if the position requires a university education.
- An employment contract must be made with the person in question specifying the job title, working arrangements, wage terms and other benefits. The terms must reflect the terms of other experts employed in the field in question
- The opinion of the union in question as regards the application must be sought

If a temporary residence permit is granted, this can be the basis for an permanent residence permit for the person in question.

Experts who are granted residence and work permits are entitled to family reunification with their spouse, children and parents.

Permits due to lack of workers for an initial term of up to one year is also an option.

Further information on temporary employment permits is on the website of the Directorate of Labour: vmst.is/atvinnurekandi/atvinnuleyfi-utlendinga/timabundin-atvinnuleyfi

The work permit from the Directorate of Labour is granted for two years at time but never longer than the term of the employment contract.

Residence permits from the Directorate of Immigration are granted for two years at time but never longer than the term of the work permit.
Foreign experts are offered tax deductions

The goal is to attract foreign experts with the necessary knowledge and competence to work in Iceland and to make it easier for companies to recruit them.

Foreign experts, irrespective of nationality, are permitted to deduct 25% of their income from their income tax base during the first three years from the date of their recruitment upon the fulfilment of certain conditions. Thus, 75% of the total personal income forms the income tax base instead of 100%.

The expert needs to:
• Be employed by a legal entity that has a registered domicile or permanent operating unit in Iceland and receive wages as an expert
• Be hired to undertake tasks that require expert knowledge and experience not available in Iceland or available to a limited extent
• Have resided or been domiciled outside Iceland for a period of five years immediately before the calendar year in which the expert began working in Iceland.
• Possess knowledge not available in Iceland except to a limited extent
• Work in the field of research, development and/or innovation, teaching or the resolution and/or development of specialised projects
• Be involved in the execution or project management or other tasks that are key aspects in the company’s operation

The application must be sent through the application system of RANNÍS (Rannsóknarmiðstöð Íslands, the Icelandic Centre for Research) no later than three months after the expert began working. The application must include the contract of employment, wage terms and documentation relating to the expertise or experience of the expert.

A committee operated by the Minister of Finance and Economy will assess the application, taking into account the level of education, expert knowledge, experience and amount of wages, and has three weeks to respond to the application once all the documentation has been submitted.

Further information on tax deductions for foreign experts is on the website of the Directorate of Internal Revenue:
rsk.is/einstaklingar/tekjur-og-fradrattur/erlendir-serfraedingar

Application systems may be found on the websites of RANNÍS: rannis.is/sjodir/umsoknarkerfi

Further information on temporary employment permits is on the website of the Directorate of Labour:
vmst.is/atvinnurekandi/atvinnuleyfi-utlendinga/timabundin-atvinnuleyfi

Further information on residence permits for employment participation is on the website of the Directorate of Immigration:
utl.is/index.php/atvinna