



VELFERÐARRÁÐUNEYTIÐ

Ministry of Welfare

Act on temporary-work agencies, No. 139/2005, as amended by Act No. 45/2007, No. 88/2008, No. 77/2010, No. 162/2010, No. 126/2011, No. 137/2011 and No. 34/2013.

SECTION I

Scope.

Article 1

Scope.

[This Act applies to temporary-work agencies on the domestic labour market and their employees. It also applies regarding the obligations of user undertakings in connection with their contracts with temporary-work agencies.]¹⁾ [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).]²⁾

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.

[The term “user undertaking” refers to an individual, undertaking, public entity or other party that engages in business activities and has employees of a temporary-work agency engaged on temporary projects under its direction.

The term “employee of a temporary-work agency” refers to an individual who is engaged by a temporary-work agency to work on temporary projects for a user undertaking under its direction.]¹⁾

¹⁾ Act No. 34/2013, Article 1. ²⁾ Act No. 45/2007, Article 22.

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 [not later than the same day as the operation commence]¹⁾ for the first time.

The notification to the Directorate of Labour under paragraph 1 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.

¹⁾ Act No. 137/2011, Article 1.

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 representative may be one of the workers of the temporary-work agency who are working in Iceland.]¹⁾

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, [not later than the same day as]¹⁾ 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]²⁾ 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.

...¹⁾

¹⁾ Act No. 137/2011, Article 2. ²⁾ Act No. 45/2007, Article 22.

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 the same day as its operation in Iceland commence]¹⁾ 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 as to whether the workers in question are covered by social security in their home country]¹⁾ 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. ...²⁾
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 paragraph 1 of this Article which the temporary-work agency is obliged to deliver to the user undertaking [not later than two working days after the operation of the temporary-work agency began in Iceland],¹⁾ (*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 paragraph 1 of this Article.

The Directorate of Labour may submit the information specified in items 1-4 of paragraph 1 of this Article, and in paragraph 3 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 Registers Iceland.]³⁾⁴⁾

¹⁾ Act No. 137/2011, Article 3. ²⁾ Act No. 34/2013, Article 2. ³⁾ Act No. 77/2010, Article 5. ⁴⁾ Act No. 45/2007, Article 22.

[Article 4 a

Obligations of user undertakings.

Before services are provided, user undertakings shall request written confirmation under paragraph 2 of Article 4 that the temporary-work agency has met its obligation under Article 4 [not later than two working days following the commencements in Iceland of the temporary-work agency in question].¹⁾

If a temporary-work agency does not comply with a request by a user undertaking under paragraph 1 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 paragraph 2 of Article 4 (*cf.* paragraph 1 of this Article), if the shop steward or trade union so requests.]²⁾

¹⁾ Act No. 137/2011, Article 4. ²⁾ Act No. 45/2007, Article 22.

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 5 a

During the time in which they work on projects for user undertakings, employees of temporary-work agencies shall enjoy at least the same wages and other terms of service as they would if they had been engaged directly by the user undertakings to do the same work, *cf.* also Article 1 of the Employees' Terms of Service and Compulsory Pension Rights Insurance Act, No. 55/1980, with subsequent amendments.

During the time in which they work on projects for user undertakings, employees of temporary-work agencies shall be granted the same access as that enjoyed by employees of the user undertaking to facilities of all types in the user undertaking, such as canteens and transport, unless any difference in treatment can be justified by relevant considerations.]¹⁾

¹⁾ Act No. 34/2013, Article 3.

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 paragraph 1 of this Article.]¹⁾

¹⁾ Act No. 45/2007, Article 22.

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.

[During the time in which they work for a user undertaking, employees of temporary-work agencies shall be given information in good time regarding positions that fall vacant within the user undertaking, including part-time positions, in order that they may have the same chances as employees of the user undertaking of being engaged on a permanent basis. Information of this type may be given in the form of a general announcement in the appropriate place within the user undertaking.]¹⁾

¹⁾ Act No. 34/2013, Article 4.

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.

[Temporary-work agencies shall strive to enable their employees to have access to vocational education and training, the intention of this being partly so that employees can improve their skills and so advance and gain mobility in their work. This shall also apply in the time in between periods when employees of temporary-work agencies are engaged on projects for user undertakings. During the time when the employees of temporary-work agencies are engaged on projects for user undertakings, the temporary-work agencies shall also seek to enable them to have access to the vocational education and training intended for the employees of the user undertakings involved.]¹⁾

¹⁾ Act No. 34/2013, Article 5.

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.]¹⁾

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.

¹⁾ Act No. 45/2007, Article 22.

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 11 a

Per Diem Fines.

If a temporary-work agency does not comply to this Act, the Directorate of Labour may demand that the firm in question rectifies the situation within a reasonable period, failing which it will be subjected to *per diem* fines.

Notice of a decision regarding per diem fines under paragraph 1 shall be made in writing and in a provable manner to the firm involved. Per diem fines can be up to ISK 100,000 per day. In deciding the amount of per diem fines, consideration shall include the firm's number of employees and the scope of the relevant business.

Decisions by the Directorate of Labour to impose per diem fines may be enforced by attachment.

Per diem fines shall accrue to the Treasury.]¹⁾

¹⁾ Act No. 137/2011, Article 5.

Article 12

Provision for appeal.

Appeals against decisions by the Directorate of Labour may be lodged with [the Ministry]¹⁾ 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]²⁾ 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.

¹⁾ Act No. 126/2011, Article 412. ²⁾ Act No. 162/2010, Article 30.

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.

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...
¹⁾ Act No. 88/2008, Article 233.

SECTION V
Miscellaneous provisions.

Article 14

Regulations.

[The Minister]¹⁾ may issue a regulation on the further application of this Act.
¹⁾ *Act No. 126/2011, Article 412.*

[Article 14 a

Adoption of the Directive.

This Act gives effect in Icelandic law to Directive 2008/104/EC of the European Parliament and of the Council on temporary agency work, to which reference is made in item 32k of Annex XVIII of the Agreement on the European Economic Area, as amended by the Decision of the EEA Joint Committee, No. 149/2012.]¹⁾

¹⁾ *Act No. 34/2013, Article 6.*

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.]*