Overview of national measures regarding employment and social security of displaced persons coming from Ukraine

Country Fiche – Iceland
February 2023
OVERVIEW OF NATIONAL MEASURES REGARDING DISPLACED PERSONS COMING FROM UKRAINE

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Information provided in this fiche considers legal and policy developments up to 31 January 2023.

Disclaimer: The information in the present document is provided solely for general guidance purposes about the different national measures, including those, where relevant, implementing Council Directive 2001/55/EC activated by Council Implementing Decision (EU) 2022/382, adopted by the Member States as well as EEA countries in the field of access to labour market and social protection applicable/having impact on the situation of displaced persons from Ukraine. The country fiche has no legal value but is of informative nature only. The information is provided without any guarantees, conditions or warranties as to its completeness or accuracy. ELA accepts no responsibility or liability whatsoever with regard to the information contained in the fiche nor can ELA be held responsible for any use which may be made of the information contained therein.

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1.0 Legal and institutional framework

1.1 Legal framework

1.1.1 List of the legal framework

I. Legislation implementing the Temporary Protection Directive (TPD or the Directive)\(^1\) and Council Implementing Decision (EU) 2022/382\(^2\)

- **Act under scrutiny/examination by EEA EFTA**: The Temporary Protection Directive is not binding for Iceland. The Directive is amongst the EU legal acts marked as EEA relevant by the EU and under scrutiny for incorporation into the EEA Agreement by Iceland, Liechtenstein and Norway.

- **Act No. 80/2016 on Foreign Nationals**: The Act (*Lög um útlendinga*) entered into force on 1 January 2017. Iceland has activated Article 44 of the Act No. 80/2016 on Foreign Nationals, in light of the mass influx of displaced persons from Ukraine following the Russian invasion of Ukraine. This decision is taken in keeping with the EU’s decision to initiate the same kind of action, as provided for in the Directive 2001/55/EC on temporary protection in the event of a mass influx of displaced persons.

II. Legislation having an impact on the (access to) (self-)employment and social security/welfare for the displaced persons coming from Ukraine

Please see below the list of national legislation having an impact on the (access to) (self-)employment, social security and welfare for displaced persons coming from Ukraine.

**Access to employment**


- **Act No. 80/2016 on Foreign Nationals**: The Act (*Lög um útlendinga*) entered into force on 1 January 2017.

**Social security/welfare**


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### 1.1.2 Beneficiaries (persons covered by temporary protection)

<table>
<thead>
<tr>
<th>Type of beneficiary</th>
<th>National regime of temporary protection for displaced persons coming from Ukraine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ukrainian nationals</td>
<td>Yes</td>
</tr>
<tr>
<td>▶ residing in Ukraine</td>
<td></td>
</tr>
<tr>
<td>▶ displaced from 24 February 2022</td>
<td></td>
</tr>
<tr>
<td>Family members</td>
<td>Yes</td>
</tr>
<tr>
<td>▶ of a Ukrainian national present or residing in Ukraine before 24 February 2022 and displaced from Ukraine on or after 24 February 2022</td>
<td></td>
</tr>
<tr>
<td>▶ of third-country nationals and stateless persons present or residing in Ukraine before 24 February 2022, who benefited from international protection or equivalent national protection in Ukraine before 24 February 2022 and were displaced from Ukraine on or after 24 February 2022</td>
<td></td>
</tr>
<tr>
<td>Third-country nationals and stateless persons beneficiaries of international or equivalent national protection in Ukraine until 24 February 2022</td>
<td>Yes</td>
</tr>
<tr>
<td>Stateless persons and nationals of third countries, legally residing in Ukraine before 24 February 2022 on the basis of a valid permanent resident permit and unable to return in safe and durable conditions to their country or region of origin</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>According to the <a href="#">decision</a> (not published) by the Minister of Justice who decided to activate Article 44 of the <a href="#">Act on Foreigners No. 80/2016</a>.</td>
</tr>
<tr>
<td></td>
<td>Article 44 states that ‘A foreign national who is a member of a group which flees a specified region and arrives in Iceland, or is in Iceland when the provisions of the article are applied, may upon application for international protection be granted protection on the basis of a group assessment’, i.e. collective protection. This means that foreign nationals will be granted a residence permit on humanitarian grounds under Article 74 of the <a href="#">Act on Foreigners No. 80/2016</a>.</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Type of beneficiary</th>
<th>National regime of temporary protection for displaced persons coming from Ukraine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other persons who are displaced for the same reasons and from the same country of region of origin (Article 7(1) of TPD), including stateless persons and nationals of third countries other than Ukraine, who are residing legally in Ukraine and who are unable to return in safe and durable conditions to their country or region of origin (Article 2(3) Council Decision).</td>
<td>No The reception of refugees in Iceland covers the same defined groups as determined by the EU.</td>
</tr>
<tr>
<td>Any additional category of beneficials (i.e. persons who arrived from Ukraine before 24 February 2022)</td>
<td>No The reception of refugees in Iceland covers the same defined groups as determined by the EU.</td>
</tr>
</tbody>
</table>

1.2 Institutional framework

a) National competent authority(ies) providing assistance to the persons enjoying temporary (or adequate) protection coming from Ukraine.

<table>
<thead>
<tr>
<th>Scope of work</th>
<th>Name of the authority (in EN)</th>
<th>Name of the authority (in national language)</th>
<th>Hyperlink</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The red cross</td>
<td>Раубі кросінн</td>
<td><a href="https://www.raudikrossinn.is/ukraina-2022/">https://www.raudikrossinn.is/ukraina-2022/</a></td>
</tr>
<tr>
<td></td>
<td>Multicultural Information Centre</td>
<td>Fjóilmenningarsetur</td>
<td><a href="https://www.mcc.is/ukraine/">https://www.mcc.is/ukraine/</a></td>
</tr>
<tr>
<td></td>
<td>The Directorate of Immigration</td>
<td>Úтлendingастофнун</td>
<td><a href="https://utl.is/en/">https://utl.is/en/</a></td>
</tr>
<tr>
<td>Employment rights</td>
<td>Directorate of Labour</td>
<td>Vinnumálastofnun</td>
<td><a href="https://www.vinnumalastofnun.is/en">https://www.vinnumalastofnun.is/en</a></td>
</tr>
<tr>
<td>Social welfare and</td>
<td>Icelandic Health Insurance (IHI)</td>
<td>SjúkratryggingarÍсландs</td>
<td><a href="https://www.sjukra.is/english">https://www.sjukra.is/english</a></td>
</tr>
</tbody>
</table>
b) Existence of a mechanism in place to coordinate the work of these national authorities with respect to persons enjoying temporary (or adequate) protection coming from Ukraine.

The Icelandic government has made several agreements with local authorities in Iceland regarding the reception of displaced persons from Ukraine.

The Ministry of Social Affairs and the Labour Market is currently signing agreements with local authorities for the coordinated reception of displaced persons from Ukraine valid until the end of 2023. The agreement includes financial support from the State so that local authorities can provide adequate services to the number of refugees they are ready to receive over the term of the agreement. The government's payments to the municipalities are based on the number of users stipulated in the contract. See here.

### 2.0 Possibility of changing the status

a) Difference between temporary protection status and other forms of adequate protection under national law, in respect of third country nationals and stateless persons coming from Ukraine.

Article 44 of the Act No. 80/2016 on Foreign Nationals has been activated for displaced persons from Ukraine. Article 44 states that foreigners, who are part of a group fleeing a certain territory and coming to the country or are here when the provisions of the article are applied, may, upon receipt of an application for international protection be provided with protection on the basis of a group assessment or so-called ‘collective protection’.

‘Collective protection’ means that foreigners will be granted a residence permit on humanitarian grounds, cf. Article 74 of Act No. 80/2016 on Foreign Nationals. The residence permit is granted for one year at a time with the right to renew or extend it for up to three years from the time the applicant first received the permit. After that, a permit may be granted in accordance with Article 74 which may be the basis of an indefinite residence permit. After one year with such a permit, which is the fourth year from the beginning, an indefinite residence permit may be issued, provided that the conditions for maintaining the permit are still in place and other conditions are otherwise met. The residence permit that will be granted to individuals on this basis includes the same rights as access to services and residence permits on the basis of humanitarian considerations according to Article 74 of the Act No. 80/2016 on Foreign Nationals. This means access to housing, subsistence, social

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3 ‘Adequate protection’ under national law is referred to in Article 2(2) of the Council Decision as a possible alternative that may be offered by Member States to temporary protection and therefore does not have to entail benefits identical to those attached to temporary protection as provided for in Directive 2001/55/EC. Nevertheless, when implementing the Council Decision, Member States must respect the Charter of fundamental rights of the European Union and the spirit of Directive 2001/55/EC. The respect for human dignity and therefore a dignified standard of living (such as residency rights, access to means of subsistence and accommodation, emergency care and adequate care for minors) has to be ensured in respect of everyone.
services, health care and access to the labour market. These rights are largely the same as those granted to individuals in other EU Member States under the TPD.

According to the current Act No. 97/2002 on Employment Rights ofForeigners, those who receive a residence permit on humanitarian grounds only receive conditional access to the labour market in Iceland, which is based on the employer having to apply for a work permit for the person in question. Accordingly, displaced persons from Ukraine can have access to the Icelandic labour market. A bill amending the Act on Foreigners, which is currently being prepared by the Ministry of Justice, proposes to amend these provisions of the Act on the Employment Rights of Foreigners in such a way that all those who receive a residence permit on humanitarian grounds automatically receive a direct work permit in parallel with the residence permit.

b) Possibility to file status change inside the territory without the requirement for the person to first leave the country or return to Ukraine from temporary protection or other forms of adequate protection to employment-based residence permit during the temporary protection regime and at the end of this regime (e.g. single permit for work, EU Blue Card for highly-qualified workers, seasonal workers, family reunification).

After displaced persons from Ukraine receive residence permits, they can access the labour market like any other individuals. This means that after finding a job, the employer must apply for a work permit and have the permit approved before they can start working.

Usually, a residence permit is issued for four years before a permanent residence permit is issued.

c) Relevant national legislation on changing the status (including the procedure to be followed).

**Status change from temporary protection to permanent resident permit:**

The conditions set in the legislation to apply for such a status change while remaining in the country:

The Law on Employment Rights of Foreigners applies to the authorisation of foreigners to work in Iceland. According to the law, the principle is that foreigners need a work and residence permit to work in Iceland, but certain exceptions to that rule exist, among other things.

The conditions for indefinite residence permit are the following:

The applicant must have a valid residence permit, which can be the basis for an indefinite residence permit, when the application for an indefinite residence permit is submitted. The applicant must also continue to fulfill the conditions of that residence permit.

The following residence permits can be the basis for an indefinite residence permit:

- residence permit for family reunification
- residence permit for work that requires expertise
- residence permit due to lack of staff
- residence permit for athletes
- residence permit based on international protection
- OVERVIEW OF NATIONAL MEASURES REGARDING DISPLACED PERSONS COMING FROM UKRAINE

- residence permit based on humanitarian considerations
- residence permit due to special ties to the country
- residence permit for missionaries
- residence permit for students, with restrictions.

Any difference in admission criteria and conditions between first time applicant and when applying for a change of status:
N/A

Any alteration of rights with respect to

<table>
<thead>
<tr>
<th>residence:</th>
<th>employment rights:</th>
<th>social welfare and social security rights:</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

d) Measures aiming to preclude registration of displaced persons in more than one Member State/EEA-EFTA country (see Article 26 of the Temporary Protection Directive).

The Icelandic government is in good co-operation with other refugee centres in the EU and in the Nordic countries and seeks to prevent the registration of refugees in two places. Article 26 of the Temporary Protection Directive has not been implemented.

In terms of the first registration of displaced persons from Ukraine, the first registration of residence in Iceland is not lost as such individuals are registered in the national register.

3.0 Access to labour market (Article 12 of the Temporary Protection Directive)

a) Overview on how equal treatment on the labour market as regards working conditions is ensured for persons enjoying temporary (or adequate) protection from Ukraine.

There are no special measures regarding the labour market for displaced persons coming from Ukraine. The labour market is open to them as well as to others. After displaced persons from Ukraine receive residence permits, they can access the labour market like any other individuals. This means that after finding a job, the employer must apply for a work permit and have the permit approved before they can start working. The same working conditions as required by Icelandic law apply.
b) Conditions applicable to persons enjoying temporary (or adequate) protection from Ukraine, (including the procedure to be followed):

I. The conditions regulating work permits/work authorisation, if required

According to Article 6 of the Act No. 97/2002 on Employment Rights of Foreigners, it is not permitted to grant foreigners a work permit without a residence permit. An employer is not permitted to employ foreigners, whether permanently or temporary, or to arrange for foreigners to move to Iceland for this purpose without a work permit, provided that they are not exempt from the requirement for a work permit. Foreigners are not allowed to work in Iceland unless permission has been granted.

According to the current Act No. 97/2002 on Employment Rights of Foreigners, those who receive a residence permit on humanitarian grounds only receive conditional access to the labour market in this country, which is based on the employer having to apply for a work permit for the person in question. An entrepreneur who plans to hire a displaced person from Ukraine must therefore apply for a work permit and get the permit approved before the employee can start work.

A bill amending the Act on Foreigners, which is currently being prepared by the Ministry of Justice, proposes to amend these provisions of the Act on the Employment Rights of Foreigners in such a way that all those who receive a residence permit on humanitarian grounds automatically receive a direct work permit in parallel with the residence permit.

The Directorate of Labour participates in the coordinated reception of displaced persons from Ukraine. There are special counsellors who only provide services to refugees. To enter the service, a person needs a referral from the social services of the municipalities. Persons coming from Ukraine need to be issued a work permit to be allowed to work in Iceland as they are issued a residence permit on the basis of humanitarian funds. First of all, such persons need to submit an application for a Limited Work Permit. See below the application for the limited work permit which can also be found here.
II. Recognition of qualifications/diplomas

Nothing particular is agreed for displaced persons coming from Ukraine.

III. Eligibility to receive assistance for job seekers (e.g., career counselling, skills assessment, locating appropriate job openings, etc.)

The Directorate of Labour has a special service for refugees/displaced persons from Ukraine. Inquiries can be sent directly to this email address: flottamenn@vmst.is.

IV. Availability of vocational training/educational opportunities for adults/practical workplace experience.

The Directorate of Labour’s (VMST) consultants generally work with the idea that refugees, including displaced persons from Ukraine, need to enter the Icelandic labour market as soon as possible for the integration into the Icelandic society. There is therefore a strong emphasis on preparing refugees for the labour market from the
time they come to the counsellor for the first interview. Emphasis is also placed on individuals registering for Icelandic language courses and engaging in other activities during their job search.

The role of the Directorate of Labour in providing services to refugees has expanded with the introduction of a coordinated reception of refugees. The role of the agency is to provide job search support, as well as to be responsible for and manage Icelandic and community education for adult refugees. Icelandic language teaching is carried out in collaboration with lifelong learning centres and language schools, and refugees can register themselves or with the help of counsellors.

V. Any exceptions to the general law in force in the country applicable to remuneration and other conditions of (self-) employment

The Act on the Employment Rights of Foreigners also applies to those who are self-employed.

4.0 Social security, social welfare and means of subsistence assistance, as well as medical care (Article 13 of the Temporary Protection Directive)

I. Types of benefits with description and coverage

Social security

The social insurance system is residence based. As a general rule, everyone who has been legally residing in Iceland for six months automatically becomes a member of the Icelandic social insurance system, regardless of nationality. Children and adolescents under the age of 18 are health insured with their parents. Persons displaced from Ukraine do not have to wait six months to get access to health care, they are health insured from the first day of entry.

The Icelandic pension system

The Icelandic pension system can be described using the three-pillar classification. The first pillar is based on a tax-financed compulsory public pension (social security benefits). The second pillar consists of mandatory occupational pension funds which are the dominant feature of the system. The occupational pension funds are based on the membership of all employed and self-employed persons of the age 16 to 70. The third pillar pension is based on voluntary individual pension savings. In Iceland, both public pension and mandatory occupational pension (first and second pillar) fall under the scope of the Regulation (EC) No 883/2004 on the coordination of social security systems.

The benefits below are part of the general rules which also apply to persons displaced from Ukraine.

Invalidity pensions

To be entitled to invalidity pension payments, residence in Iceland must be shown for at least the last three years before the application is submitted. If work capacity was undiminished at the beginning of residence in Iceland, the person involved will have to have lived in the country the last six months before the application was submitted.
submitted. The rights depend on whether the applicant has lived or worked in another country and become entitled to pension rights there.

Invalidity allowance

The same rules regarding proportional reduction because of residence apply to an invalidity allowance as well as to an invalidity pension.

Child pension

To be entitled to child pension payments, one of the child’s parents or the child has to have lived in Iceland for at least three years preceding submission of the application. A child pension is not linked to income and is therefore not reduced in accordance with residence rights. See Act on Social Security No. 100/2007 and Act on Social Assistance No. 99/2007.

Child benefits

Child benefits are paid for every child under the age of 18 years, domiciled in Iceland and dependent on a person or persons who have an unlimited tax liability in Iceland. The child benefits are paid to the child's supporter, i.e. the person that the child is living with and is dependent upon at the end of the previous income year. The person that pays child support is not regarded the child's supporter in this context.

Child benefits in Iceland are income related and calculations are based on both parents / supporters’ total income for the previous year. In the case of a single parent, only the income of that parent is used in the calculations.

Full benefits are paid for the year of birth of a child, but none is paid for the year in which a child reaches 18 years of age. The amount of child benefits is calculated in the tax assessment at the end of June each year and the calculated amount is split into two payments, the first on 1 June and the second on 1 October. It is possible to apply for advance payments which are then paid on 1 February and 1 May.

A special supplement, which is also income related, is paid for children under 7 years of age.

Maternity/Paternity leave

A person who was active on the domestic labour market for at least 25% of employment for six consecutive months before the child’s date of birth or the date on which a child enters the home in the case of adoption or permanent foster care, can apply for payments as an employee or a self-employed individual.

Maternity/Paternity grant

A person who was occupied (for at least 75% of studies) for six months during the last 12 months before the child’s date of birth or the date on which a child enters the home in the case of adoption or permanent foster care, can apply for a maternity/paternity grant as a full-time student.

If a person has not been active on the domestic labour market, or employed in a full-time position for less than 25% of the last six months before the child’s date of birth or the date on which a child enters the home in the case of adoption or permanent foster care, such a person can apply for a maternity/paternity grant.

As a ground rule, a person needs to be a legal resident in Iceland on the child’s date of birth and needs to have been a legal resident in Iceland for the last 12 months before that date, for more information see here.

Social welfare
Displaced persons from Ukraine are entitled to special assistance for a minimum of one year from their arrival in the country. This assistance includes:

- basic financial assistance: displaced persons from Ukraine are provided with basic financial assistance in accordance with the rules of the municipality of the legal residence on financial assistance;
- grant corresponding to child benefit payments by the Director of Internal Revenue;
- housing, together with the necessary furniture and telephone and housing subsidy;
- special assistance for children;
- scholarship;
- grant for the payment of a medical examination at the outpatient department of epidemiology;
- grants for dentistry;
- specialist assistance from social workers, psychiatrists or psychologists (social counselling);
- teaching Icelandic; displaced persons from Ukraine should be encouraged to study Icelandic as a second language and to join community education. Grant of ISK 150 000 is provided;
- other necessary assistance (e.g. job search assistance, leisure activities, interpreter services).

**Accommodation**

Accommodation is allocated by the Directorate of Immigration.

**Food allowance:**

- individuals receive ISK 8 000 per week;
- couples receive ISK 13 000 per week;
- children receive ISK 5 000 per week.

The maximum payment for a family is ISK 28 000 per week.

**Allowance (paid after a four-week stay):**

- adults receive ISK 2 700 per week;
- children receive ISK 1 000 per week.

II. Eligibility conditions

**Social security**

The social insurance system is residence based. As a general rule, everyone who has been legally residing in Iceland for six months automatically becomes a member of the Icelandic social insurance system, regardless of nationality. Children and adolescents under the age of 18 are health insured with their parents.
According to Article 10 of the Act of Health Insurance No. 112/2008, persons displaced from Ukraine do not have to wait for six months to get access to healthcare, they are health insured from the first day of entry. See for more information [here](#).

### Social welfare

Valid for all displaced persons from Ukraine who have received approval from the Immigration Service for temporary residence and work permits.

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### III. Any exceptions to the general law in force in the country to access to social security systems or social welfare system relating to employed or self-employed activities

#### Social security

No exceptions relating to employed or self-employed activities exist. Displaced persons from Ukraine and their family members are entitled to collective protection in Iceland. The Directorate of Immigration is responsible for the processing of applications. The applicant must be present in Iceland when submitting the application and must be submitted in person. The protection system applies to the following categories of persons:

- Ukrainian citizens, who resided in Ukraine before 24 February 2022;
- individuals who enjoyed international protection, subsidiary protection or were holders of residence permits for humanitarian reasons in Ukraine on 24 February 2022.

#### Social welfare

No exceptions relating to employed or self-employed activities.

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### 5.0 Public support instruments

Overview of other public support instruments facilitating labour market participation, information about and enforcement of rights and entitlements for displaced persons.

The Directorate of Labour participates in the coordinated reception of refugees. There are counsellors who only provide services to displaced persons from Ukraine. To enter the service, a person needs a referral from the social services of the municipalities. The lawyer fills out a referral form in consultation with the individual. After receiving a referral, one of the Directorate of Labour's advisers takes the person into service and calls the person in question for an interview. Language interpreting services are used when needed. Inquiries regarding VMST's services to refugees can be sent to flottamenn@vmst.is.

Employment agencies are available to everyone and also to displaced persons from Ukraine. Below the relevant employment agencies are listed:

- Geko
- HH Radgjof
- Intellecta
- Radum
On 17 March the City Council of Reykjavik agreed to form a special coordination group that will manage the city’s reception of displaced persons from Ukraine and the work of a special action group. The access of displaced persons from Ukraine to Icelandic society must be ensured and the community must be encouraged to meet its needs. Consideration must be given to housing, schooling, subsistence, health and welfare services and trauma care, leisure and socializing.

The Ministry of Social Affairs and the Multicultural Centre has launched a website where persons can register rental housing due to the arrival of displaced persons from Ukraine.