



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, No. 34/2013 and No. 75/2018.

Where mention is made in this Act of ‘the minister’ or ‘the ministry’ without further definition, the reference intended is to the Minister of Social Affairs and Equality or to the Ministry of Welfare, which is responsible for the implementation of this Act. Information on the division of responsibilities between ministries according to a presidential decree may be found [here](#).

SECTION I

[Scope, aims, administration and definitions.]¹⁾

¹⁾ Act No. 75/2018, Article 31.

Article 1

Scope.

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

In the case of foreign 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, the Act on Posted Workers and the Obligations of Foreign Service-Providers (*see* the fourth paragraph of Article 1 of that Act) shall apply to the temporary-work agency in question and its workers in Iceland, as appropriate. The same shall apply to the obligations and responsibilities of user undertakings that have entered into service contracts with such temporary-work agencies, as appropriate.]¹⁾

¹⁾ Act No. 75/2018, Article 29.

[Article 1 a

Aims.

The aim of this Act is to ensure that the wages and other terms of service of the employees of temporary-work agencies operating on the domestic labour market are in conformity with the provisions of the laws, regulations and collective agreements that apply on the Icelandic labour market.

It is also the aim of this Act to ensure that the government authorities are able to obtain an over-view of the nature and scale of the activities of temporary-work agencies that operate on the domestic labour market.]¹⁾

¹⁾ Act No. 75/2018, Article 30.

[Article 1 b

Administration.

The Minister shall be in charge of administration in the field covered by this Act. The Directorate of Labour shall see to the implementation of this Act within the administrative sector.]¹⁾

¹⁾ Act No. 75/2018, Article 30.

[Article 1 c
Definitions.

The following terms are used in this Act as defined below:

1. *User undertaking*: A user undertaking is an individual, company, public entity or other party that engages in business operations and has, on the basis of a service contract in accordance with indent 4, hired a worker from a temporary-work agency, in return for a fee, to carry out temporary work at its workplace and under its direction.
2. *Worker*: A temporary agency worker is any person who is engaged by a temporary-work agency and is hired out, in return for a fee, to a user undertaking under a service contract in accordance with indent 4.
3. *Temporary-work agency*: A temporary-work agency is a self-employed individual or company which, under a service contract in accordance with indent 4, hires out its workers, in return for a fee, to carry out work at the workplace of a user undertaking and under its direction.
4. *Service contract*: A service contract is a contract between a user undertaking and a temporary-work agency stating that the user undertaking is to hire a specific worker or specific workers for a certain length of time from the temporary-work agency, in return for a fee, in order to carry out work at its workplace and under its direction.]¹⁾

¹⁾ Act No. 75/2018, Article 30.

SECTION II

[Obligations and responsibility.]¹⁾

¹⁾ Act No. 75/2018, Article 37.

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 the first paragraph shall state the name of [the temporary-work agency, its address and e-mail address and also the name of the person representing the temporary-work agency and his or her e-mail address].²⁾ 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 [address in its home state and also details of the verifiable establishment of the temporary-work agency in its home state, e.g. materials which testify to its economic activity, including materials from the tax authorities or comparable authorities in its home state, including]²⁾ its VAT number or other comparable evidence of its operations, demonstrating that [the temporary-work agency]²⁾ 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 [temporary-work agencies that have supplied it with information]²⁾ under this Act and publish it in an accessible form, [for example on-line. The register shall include, amongst other things, the name of the temporary-work agency and its e-mail address, together with information about its VAT number or another comparable indication of its economic activity in its home state.]²⁾

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. ²⁾ Act No. 75/2018, Article 32.

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 [and ID number, or date of birth, of the temporary-work agency's representative in Iceland, and also of his or her registered domicile or place of residence in Iceland, and his or her e-mail address]²⁾ [not later than the same day as]¹⁾ [the temporary-work agency's]²⁾ operations in Iceland commence. If [the temporary-work agency]²⁾ changes its representative while [it]²⁾ conducts operations in Iceland, it shall report the change without unreasonable delay.

Temporary-work agency's representative [shall represent it and]³⁾ 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. 75/2018, Article 33. ³⁾ Act No. 45/2007, Article 22.

Article 4

[Obligation to provide information.]¹⁾

[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 [and/or access to materials, as appropriate,]¹⁾ [not later than the same day as its operations in Iceland commence]²⁾ on each occasion. [Amongst other things, the following shall be submitted]:¹⁾

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]²⁾ and their occupational qualifications, where appropriate.
2. In the case of foreign workers, information on their dwelling place and the intended [period of work]¹⁾ of the workers [of the temporary-work agency]¹⁾ 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. [Copies of the employment contracts of the workers who are to work for the temporary-work agency in Iceland.]¹⁾
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.

[A temporary-work agency that does not intend to provide services in Iceland for a total of more than ten working days in any twelve months, yet provides services in Iceland for a longer period, shall provide the Directorate of Labour with information and/or access to materials, as appropriate, in accordance with the first paragraph, not later than on the eleventh working day that its services have lasted in Iceland on each occasion.]¹⁾

The Directorate of Labour shall issue the temporary-work agency with a written confirmation that it has received the materials under [indents 1–6 of the first paragraph, and the

temporary-work agency shall deliver the confirmation (*cf.* Article 4 a) to the user undertaking] [not later than two working days after [it receives the confirmation from the Directorate of Labour].¹⁾

The temporary-work agency shall inform the Directorate of Labour [about that]¹⁾ [without reasonable delay]¹⁾ if changes occur to information it has already submitted to the directorate under the first paragraph of this Article.

[During the time in which a temporary-work agency provides services in Iceland, and for one month after it ceases to provide services in Iceland, it shall at all times have available copies of pay-slips of each of its workers and confirmation that each worker's wages have been paid in accordance with the information stated on the pay-slip, including the wage figure, and also copies of working-time records showing each worker's working time. The temporary-work agency shall deliver the materials named above to the Directorate of Labour not more than two working days after receiving a request for them from the directorate. Not later than the same day that its activities commence in Iceland, on each occasion, the temporary-work agency shall inform the Directorate of Labour of how the directorate can obtain the information listed above.]¹⁾

[The Directorate of Labour shall deliver information according to indents 1-5 of the first paragraph, and the fourth paragraph, to the appropriate government authorities, such as the police, the tax authorities, the customs authorities, the Social Insurance Administration, the Immigration Agency, the Administration of Occupational Safety and Health and Registers Iceland, providing that what is involved consists solely of information that may be considered as coming under the purview of the relevant authority and thus being of use to it, for example in the course of its legally-prescribed supervisory functions.]¹⁾³⁾

¹⁾ Act No. 75/2018, Article 34. ²⁾ Act No. 137/2011, Article 3. ³⁾ Act No. 45/2007, Article 22.

[Article 4 a

Obligations of user undertakings.

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

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 name [of the temporary-work agency, its address in Iceland or in its home state and its e-mail address, and also the name of the temporary-work agency's representative and his or her e-mail address].¹⁾ The report shall state that a temporary-work agency is involved. If the name of [the temporary-work agency's]¹⁾ senior manager is not known, information shall be given on the name of the person who represents [the temporary-work agency and his/her e-mail address].¹⁾ 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 [of the temporary-work agency under the third paragraph of Article 4],¹⁾ (*cf.* the first paragraph of this Article), if the shop steward or trade union so requests.³⁾

[If a user undertaking becomes aware that the temporary-work agency with which it has made a service contract is violating this Act, for example as regards the wages or other terms of service of the workers of the temporary-work agency, the user undertaking shall report this to the Directorate of Labour without unreasonable delay.]¹⁾

¹⁾ Act No. 75/2018, Article 35. ²⁾ Act No. 137/2011, Article 4. ³⁾ Act No. 45/2007, Article 22.

[Article 4 b

Liability of the user undertaking.

The user undertaking shall bear undivided liability under the service contract according to indent 4 of Article 1 c for short-falls on payments of minimum wages and for other payments according to the second paragraph to the temporary-work agency's workers. If the user undertaking is part of a corporate group, the parent company shall bear joint liability together

with the user undertaking. The same shall apply to another company if it is the director of the user undertaking involved in any given instance.

The user undertaking's liability shall extend to shortfalls on wage payments and terms of service which the worker should have enjoyed as a minimum (*cf.* Article 5 a) during the time when he or she carried out work for the user undertaking, and also shortfalls on the payment of wage-related expenses. The liability shall not extend to shortfalls on the payment of vacation pay.

A claim in respect of shortfalls on payments under the second paragraph shall be received by the user undertaking within four months of the due date of the payment of the relevant claim. If the user undertaking knew, or should have known, of an obvious failure on its part to make full payment under the second paragraph, the liability period of the user undertaking may be extended by a court decision to as much as twelve months. A claim shall be regarded as having been received by the user undertaking when the worker presents a written demand to the user undertaking, either electronically or on paper, for the shortfall on payments of wages and/or other shortfalls on payments under the second paragraph, stating, amongst other things, in what the non-performance by the temporary-work agency consists, including when the claim in question was due for payment and how the worker wishes the user undertaking to send its reply. A claim shall also be regarded as having been received by the user undertaking if the consultative committee (*cf.* the second paragraph of Article 2 of Act No. 55/1980, on Workers' Wages and Terms and Obligatory Pension Rights Insurance) has notified the user undertaking of shortfalls in the payments made by the undertaking according to the second paragraph in respect of the temporary-work agency's worker.

The user undertaking shall inform the relevant temporary-work agency of the claim received under the third paragraph without unreasonable delay and call on the temporary-work agency to pay the claim or, alternatively, to state its position with regard to the claim within seven working days of receipt of the call for payment of the claim. If the user undertaking considers there to be any doubt as to the legitimacy of the claim, or if it intends to seek the comments of the consultative committee (*cf.* the fifth paragraph) or to refuse to pay the claim on the basis of exemption from a user undertaking's liability under Article 4 c, it shall inform the temporary-work agency, and the agency worker involved, of this position within seven working days of the expiry of the period granted to the temporary-work agency under the first sentence; reasoning, stated in writing, shall accompany the user undertaking's statement of its position. Alternatively, the user undertaking shall pay the claim in question within 24 working days of receiving it.

The user undertaking and the temporary agency worker may request the comments of the consultative committee (*cf.* the second paragraph of Article 2 of Act No. 55/1980, on Workers' Wages and Terms and Obligatory Pension Rights Insurance) on the legitimacy of a claim under the third paragraph within seven working days of the expiry of the period granted to the temporary-work agency under the first sentence of the fourth paragraph, and the consultative committee's comment shall be made available within seven working days of its being requested. If a user undertaking or a worker makes use of the authorisation under the first sentence, the user undertaking shall make its position on the claim known afresh to the temporary-work agency and the worker involved within three working days from the time when the user undertaking receives the comments of the consultative committee.

The user undertaking may deduct from its payment to the temporary-work agency a sum equivalent to the costs incurred by the user undertaking in connection with the payment of the claim under the third paragraph, including those associated with the payment of interest, collection charges and legal fees, as appropriate.

If a temporary agency worker brings an action before a court in Iceland in connection with a user undertaking's liability, he or she shall do so within eight months of the date when the user undertaking's position on the claim in question was made known (*cf.* the fourth paragraph), in addition to which the worker shall also summons the temporary-work agency involved where the user undertaking has its venue.

Where personal data is involved, including personal data of a sensitive nature, in the sense of the term as used in the Act on the Protection of Privacy as regards the Processing of Personal

Data, the provisions of that act shall apply to the handling of such data, including its processing and storage.]]¹⁾

¹⁾ Act No. 75/2018, Article 36.

[Article 4 c

Exemption from liability of the user undertaking.

Notwithstanding the user undertaking's liability under Article 4 b, it may refuse to pay a claim arising from shortfalls on payments (*cf.* the second paragraph of Article 4 b) in the following instances:

- a. When the temporary-work agency hires workers out to a user undertaking for a total of less than ten working days during a twelve-month period.
- b. In the case of claims by the managing director, board directors or owners of the temporary-work agency in question, and also claims by their spouses or other relatives of the parties named above, or by other persons who are so closely connected with them that it is possible to demonstrate that their claims are illegitimate in view of the connections between them.
- c. When the user undertaking has entered into a service contract with a temporary-work agency which a consultative committee (*cf.* the second paragraph of Article 2 of Act No. 55/1980, on Workers' Wages and Terms and Obligatory Pension Rights Insurance) has granted recognition on the basis of collective agreements between the organisations of the social partners, with the limitations involved in these agreements at any given time.
- d. When the user undertaking has, in a demonstrable manner, tried to ensure to the best of its ability that the temporary-work agency will pay its workers wages in accordance with Article 5 a, e.g. by obtaining the following information from the temporary-work agency involved in each instance regarding the temporary agency workers who provide the user undertaking with services in Iceland:
 1. each worker's name,
 2. a copy of each worker's employment contract,
 3. copies of each worker's working-time reports,
 4. copies of each worker's pay-slips, and
 5. a confirmation that each worker's wages have been paid in accordance with what is stated on his or her pay-slip, including as regards the wage amount.

If a user undertaking requests the above information from the temporary-work agency in question at any given time, the temporary-work agency involved shall be obliged to provide the user undertaking with the information it has requested.

Where personal data is involved, including personal data of a sensitive nature, in the sense of the term as used in the Act on the Protection of Privacy as regards the Processing of Personal Data, the provisions of that act shall apply to the handling of such data, including its processing and storage.

In the event of the insolvency of a temporary-work agency, the Act on the Wage Guarantee Fund shall apply, providing that the conditions of that act are met, in which case the user undertaking's liability according to Article 4 b shall not apply.]]¹⁾

¹⁾ Act No. 75/2018, Article 36.

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 its 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 [a user company in Iceland]¹⁾ may not hire the worker out to [the same user company] until six months have elapsed from the expiry of his contractual relationship with [that user company].¹⁾

[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.]²⁾

¹⁾ Act No. 75/2018, Article 38. ²⁾ 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 [user company]¹⁾ 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.]²⁾

¹⁾ Act No. 75/2018, Article 39. ²⁾ 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.

Staff of the Directorate of Labour who carry out workplace inspections may, amongst other things, make inspection visits to workplaces, and shall be granted access to the workplaces in question if they so request. When carrying out inspections, they shall show special identification documents issued by the directorate. Staff of the Directorate of Labour may request the assistance of the police when making workplace inspections as described above when this is necessary in the opinion of the directorate.

If the Directorate of Labour receives information indicating 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 that the temporary-work agency in question operate in conformity with this Act.¹⁾

¹⁾ Act No. 75/2018, Article 40.

Article 10

Information for the purpose of monitoring.

[Temporary-work agencies shall provide the Directorate of Labour with the information and materials that the directorate considers necessary for [monitoring]¹⁾ the application of this Act, including [copies of service contracts as provided for in indent 4 of Article 1 c, employment contracts, working-time reports and pay-slips, and also confirmation that each worker's wages have been paid in accordance with what is stated on the pay-slip, including as regards the wage amount].¹⁾²⁾

User undertakings 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]¹⁾ the application of this Act, including service contracts.²⁾

[Information which user undertakings and temporary-work agencies are required to provide to the Directorate of Labour under this Act or regulations issued hereunder shall be in writing, either in electronic form or on paper. When materials are delivered in a language other than Icelandic or English, they shall be accompanied by translations into Icelandic or English. Notwithstanding this requirement, the Directorate of Labour may, in exceptional cases, decide to accept materials in a language other than Icelandic or English, e.g. when, in its opinion, there is no need to have them translated.

The Directorate of Labour may obtain and disseminate information to the extent that it is permitted to do under this Act, either electronically or in another manner decided by the directorate.

If the Directorate of Labour receives information under this Act which indicates that provisions of Icelandic laws or regulations are being violated, it shall be obliged to deliver this information to the appropriate government authority without unreasonable delay.

In those instances where the Directorate of Labour does not have the information which, in its opinion, is necessary for it to monitor the implementation of this Act in accordance with the first paragraph of Article 9, it shall request such information from the government authorities or the monitoring officers of the organisations of the social partners (*cf.* the Act on Workplace ID Cards and Workplace Inspection) as may be of use to the directorate, e.g. in assessing whether the provisions of this Act have been violated, including information on the names and ID numbers of temporary-work agencies and information on wage payments to workers, and the relevant parties shall be obliged to give the Directorate of Labour the information requested if they possess it. If government authorities or the monitoring officers of the organisations of the social partners receive information indicating that this Act is being violated, they shall be obliged to deliver the information to the Directorate of Labour without unreasonable delay.¹⁾

Employees of the Directorate of Labour may not use their position to obtain [other information]¹⁾ other than the information that are necessary or may be necessary for the purposes of [monitoring under the first paragraph of Article 9, in the view of the directorate].¹⁾ [Employees of the Directorate of Labour shall be bound by a non-disclosure (confidentiality) obligation regarding information handled by the directorate under this Act (see, however, the fourth paragraph), and this obligation shall continue in force after they cease working for the directorate.]¹⁾

¹⁾ Act No. 75/2018, Article 41. ²⁾ Act No. 45/2007, Article 22.

[Article 10 a

Submission of employment contracts, pay-slips and working-time reports.

The Directorate of Labour may request the comments of the organisations of the social partners or the relevant trade union, as appropriate, as to whether the substance of an employment contract, or the information regarding wages stated on the pay-slip of a temporary agency worker, taking into account, amongst other things, what is stated in the worker's working time report, is in conformity with the provisions of the collective agreement applying in the relevant occupation in the area where the worker's work is done.

The Directorate of Labour shall submit to the organisations of the social partners, or to the relevant trade union in the occupation in question in the area where the temporary agency worker's work is done, copies of the worker's employment contract, pay-slips and working-time reports, and also of the materials received by the Directorate of Labour that are intended to confirm that the worker's wages have been paid in accordance with what is stated on his or her pay-slips, including as regards the wage amount, when the aforementioned parties request such copies, providing that there is a suspicion that the collective agreement applying in the relevant occupation in the area where the worker's work is done has been violated.

The organisations of the social partners or the relevant trade union, as appropriate, shall handle personal data, including personal data of a sensitive nature, in the sense of the term as used in the Act on the Protection of Privacy as regards the Processing of Personal Data, which is included in the materials of which the aforementioned parties obtain copies under this provision, in accordance with the provisions of that act, e.g. as regards the processing and storage of the data.]¹⁾

¹⁾ Act No. 75/2018, Article 42.

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 temporary-work agency]¹⁾ in question rectifies the situation within a reasonable period, failing which it will be subjected to *per diem* fines.

[A temporary-work agency on which it is planned to impose *per diem* fines under the first paragraph shall be given a period in which to submit written observations before the decision is taken. The notification from the Directorate of Labour regarding the proposed decision to impose *per diem* fines shall be accompanied by reasoning stated in writing.

Decisions on *per diem* fines under the first paragraph shall be announced in writing and in a verifiable manner to the temporary-work agencies to which they apply, or to their representatives, and shall be accompanied by reasoning stated in writing.

The consequence of a decision on *per diem* fines shall be that the temporary-work agency to which the decision applies shall pay a fine for each day as from and including the beginning of the first working day after it is notified of the decision; this point in time shall also be the due date for payment of the claim. The last day of the fine shall be the day on which, in the opinion of the Directorate of Labour, the deficiencies have been rectified.

Per diem fines may amount to as much as ISK 1 million for each day. When deciding the amount of a fine, factors such as the number of workers of the temporary-work agency against which the decision is taken and the scope of the business operations in question shall be taken into account.]¹⁾

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

Per diem fines shall accrue to the Treasury [after subtraction of imposition and collection costs].¹⁾

[Other matters concerning decisions by the Directorate of Labour on *per diem* fines shall be subject to the Administrative Procedure Act.]¹⁾²⁾

¹⁾ Act No. 75/2018, Article 43. ²⁾ Act No. 137/2011, Article 5.

[Article 11 b
Administrative fines.

The Directorate of Labour may impose administrative fines on a temporary-work agency that fails to provide the directorate with information and/or access to materials in accordance with the second paragraph of Article 3 and the first, second, fourth or fifth paragraphs of Article 4 at the proper time and/or gives the directorate incorrect or unsatisfactory information, in the view of the directorate, irrespective of whether this is done intentionally or through negligence on the part of the temporary-work agency.

Administrative fines may amount to as much as ISK 5,000,000.

When administrative fines are determined, consideration shall be given, amongst other things, to the seriousness of the violation, how long it has lasted, whether it is a repeated violation and whether the party committing the violation has shown a willingness to collaborate with the investigation. Consideration shall also be given to whether the violation may be seen as having been committed to serve the interests of the temporary-work agency.

Decisions on administrative fines shall be announced in writing and in a verifiable manner to the temporary-work agencies to which they apply, or to their representatives (*cf.* Article 3), and shall be accompanied by reasoning stated in writing.

The due date for the payment of an administrative fine is 30 days after the decision to impose the fine is taken. If an administrative fine has not been paid within 15 days of the due date, arrears interest shall be paid on the fine amount as from the due date. Decisions on the imposition of arrears interest, and calculation of arrears interest, shall be subject to the Interest and Indexation Act.

The Directorate of Labour's authorisation to impose administrative fines under this provision shall expire when five years have elapsed since the end of the conduct described in the first paragraph.

Administrative fines shall be paid to the Treasury following deduction of the cost of their imposition and collection.

Decisions by the Directorate of Labour to impose administrative fines are enforceable.

Other matters concerning decisions by the Directorate of Labour on *per diem* fines shall be subject to the Administrative Procedure Act.]¹⁾

¹⁾ Act No. 75/2018, Article 44.

Article 12
Provision for appeal.

Appeals against [decisions by the Directorate of Labour under this Act]¹⁾ may be lodged with [the Ministry]²⁾ within three months of the notification of the decision to the party concerned. An appeal shall be regarded as having been lodged in time if the letter presenting it is received by the ministry, or has been posted, before the deadline expires.

[The Ministry]³⁾ 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. 75/2018, Article 45. ²⁾ Act No. 126/2011, Article 412. ³⁾ 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.

...¹⁾

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, [including electronic procedure].²⁾

¹⁾ Act No. 126/2011, Article 412. ²⁾ Act No. 75/2018, Article 46.

[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.]*