

Mobility: Immigration alert

September 2023



Iceland

New benefits for residence permit holders

Executive summary

In August 2023, Iceland implemented amendments to the Foreign Nationals Act that introduce new benefits for residence permit holders.

Employees

The following changes impact individuals who apply for, or hold, residence permits based on employment under the following categories:

- ▶ *Expert Knowledge*
 - ▶ Applicants under this employment category can now obtain residence permits that are valid for up to four years (up from two years previously).
 - ▶ Residence permit holders whose employment contracts are terminated during their authorized period of stay can now apply for a new permit that is valid for up to one year after contract termination for the purpose of finding a new job. Previously, these individuals were required to depart from Iceland for at least two years if their employment contract was terminated and enter into another contract before applying for a new permit.
- ▶ *Specialized Staff with a Collaboration or Service Contract*
 - ▶ Applicants under this category can now obtain residence permits that are valid for up to one year (up from six months previously).
 - ▶ Residence permit holders can now bring in qualifying dependents (i.e., spouses, children and parents over the age of 67). Previously, these individuals could not sponsor dependents.

▶ *Labor Shortage*

- ▶ Holders of residence permits under this category can now renew their permits for up to two years (up from one year previously).
- ▶ Holders are now eligible to bring in qualifying dependents. Previously, these individuals could not sponsor dependents.
- ▶ Individuals whose residence permits have expired are no longer required to spend two years outside Iceland before applying for a new permit.
- ▶ Residence permit holders whose employment contracts are terminated during their authorized period of stay can now apply for a new permit that is valid for up to six months after contract termination for the purpose of finding a new job. Previously, these individuals were required to depart from Iceland if their employment contract was terminated and enter into another contract before applying for a new permit.

Dependents

The following changes impact dependents of primary applicants:

- ▶ Eligible spouses and children of primary applicants who hold a residence permit under the Expert Knowledge category can now undertake work in Iceland on the basis of their Family Reunification Residence Permit and are not required to obtain a work permit.
- ▶ Children who apply for a Family Reunification Residence Permit prior to turning 18, whose application is approved after they turn 18, will be issued the permit. Previously,

in these instances, these individuals would have been required to file a new application (as a primary applicant) upon turning 18.

- ▶ Children of residence permit holders who are born in Iceland are now granted resident permits that remain valid until the expiry of their parents' permits, even if their parents' permits do not authorize them to sponsor dependents.

Students

The following changes impact international students studying in Iceland:

- ▶ Students who hold residence permits can now undertake work in Iceland for up to 22.5 hours per week (up from 15 hours previously) and bring in qualifying dependents.
- ▶ Individuals who have completed university studies (i.e., a bachelor's or master's degree) in Iceland may now reside in the country for up to three years from the date of their graduation (up from six months previously) for the purpose of seeking employment under the Expert Knowledge category.
- ▶ Au Pair Residence Permit holders can now renew their permit once for up to one year. Previously, these individuals were not eligible to renew their permit.

Impact on employers

These changes are expected to enable employers to further attract international talent to meet their hiring requirements.

Key steps

EY will continue to monitor these developments. Should you have any questions, we encourage you to contact one of our immigration professionals.

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