Legislative amendment shifts responsibility for issuance of residence and work permits to the Directorate of Immigration

Legislative proposal Bill No 316 amending the Act on Foreigners and the Act on Foreign Nationals' Right to Work (issuance of residence and work permits). [Frumvarp til laga 316 um breytingu á lögum um útlendinga og lögum um atvinnuréttindi útlendinga (útgáfa dvalar- og atvinnuleyfa] was adopted and should be read together with Government Bill No 594/157 related to legislative amendments to the Foreign Nationals Act and the Police Act and relevant provisions concerning the EU protection framework.

The main changes include:

Issuance of temporary work permits: Article 7 of the Act on Foreign Nationals' Right to Work establishes the general conditions for the issuance of temporary work permits. Under the current national framework, an employer must, prior to the granting of a permit, seek to recruit labour through the Directorate of Labour unless such recruitment efforts are considered foreseeably unsuccessful by the directorate. In addition, the amendments repeal Article 7(1)(d), which requires employers to secure health insurance coverage for foreign nationals as a condition for obtaining a temporary work permit. The explanatory memorandum states that this requirement is redundant, as an equivalent obligation already applies under Article 55(1)(a) of the Foreign Nationals Act No 80/2016 in the context of residence permits.

Institutional changes: The amended act provides that the responsibility for the processing and issuance of temporary work permits on the basis of the Foreign Nationals' Right to Work Act shifts from the Directorate of Labour to the Directorate of Immigration, whereas the Administration of Occupational Safety and Health along with the Police are taking over responsibilities from the Directorate of Labour.

Amendments to the Act on Foreigners, No 80/2016 (in force from 17 January 2026):

Chapter II of the amended legislation introduces amendments to the Foreign Nationals Act No 80/2016 concerning the processing of residence and work

© European Union Agency for Asylum, 2026. Reproduction is authorised, provided the source is acknowledged.
Document generated on 25-11-2026
For more information, please contact: ias@euaa.europa.eu

permits, the status of foreign students, and institutional competence of the Directorate of Immigration.

Article 19 amends Article 17(2) of the Foreign Nationals Act by extending the range of authorities and institutions entitled to provide information or assessments during the examination of an application for residence or temporary work permit. In addition to the Directorate of Labour, the Administration of Occupational Safety and Health and national educational institutions are included.

Article 20 amends Article 52 of the Foreign Nationals Act concerning administrative competence and procedural requirements for residence and work permits. The amendment provides that the Directorate of Immigration shall be responsible both for decisions on residence permits under the Foreign Nationals Act and for decisions on temporary work permits under the Act on Foreign Nationals' Right to Work. The provision further establishes that decisions on residence and work permits may be issued simultaneously. In addition, the amendment clarifies that applications must be accompanied by all documents and certifications required by the Directorate of Immigration in order to verify compliance with statutory and administrative requirements.

Article 21 amends Article 65 of the Foreign Nationals Act concerning residence permits for graduates and researchers. The amendment removes reduces the maximum period from three years to 18 months. A new condition is also introduced requiring that applicants granted such residence permits must have completed a bachelor's, master's, or doctoral degree at an Icelandic university. Article 22 amends Article 69(1) of the Foreign Nationals Act by extending eligibility for relevant residence rights to spouses, cohabiting partners, and children of foreign nationals pursuing full-time university studies at bachelor's, master's, or doctoral level.

Article 23 establishes the transitional and entry-into-force provisions. The Act entered into force on 1 January 2026. From that date, the Directorate of Immigration assumes responsibility from the Directorate of Labour for the processing and issuance of temporary work permits.

Amendments to appeals: Pursuant to the provisions of Article 23 of the amended act, applications for temporary work permits that have been received before 1 January 2026 are processed by the Directorate of Immigration. Appeals that have been received by the Ministry of Social Affairs and Housing on decisions on temporary work permits before 1 January 2026 are processed by the

© European Union Agency for Asylum, 2026. Reproduction is authorised, provided the source is acknowledged.
Document generated on 25-11-2026
For more information, please contact: ias@euaa.europa.eu

Immigration and Asylum Appeals Board.

Source(s)

- Parliamentary Gazette | Althingistídindi (10 January, 2026), Frumvarp til laga um breytingu á lögum um útlendinga og lögum um atvinnuréttindi útlendinga (útgáfa dvalar- og atvinnuleyfa). [Legislative Bill amending the Act on Foreigners and the Act on Foreign Nationals' Right to Work (issuance of residence and work permits).], https://www.althingi.is/altext/157/s/0442.html

Date of development
10.01.2026
Country
Iceland
Thematic area(s)
Forms of protection, Pact on Migration and Asylum
Development type
Legislation

© European Union Agency for Asylum, 2026. Reproduction is authorised, provided the source is acknowledged.