Legislative amendments on issuance of residence and work permits for foreign nationals

The parliament of Iceland adopted a legislative proposal for the issuance of residence and work permits for foreign nationals.

The amended legislation includes, as a main policy, that responsibility for processing and issuing temporary work permits on the basis of the Act on Employment Rights of Foreigners be transferred from the Directorate of Labour to the Directorate of Immigration. The main changes to the provisions of the Act take this into account, and in addition, the provisions on procedure are made more efficient and aligned with the procedural rules of the Act on Foreigners that apply to the processing of residence permits by the Directorate of Immigration.

It also provides that the obligation to consult a trade union be abolished as a basic condition for obtaining a work permit and that the Directorate of Immigration be granted the authority to seek the opinion of the relevant trade union when issues or doubts arise regarding the conditions of an employment contract and the remuneration of a foreigner.

In addition, the appeal procedure for temporary work permits will be transferred from the Ministry of Social Affairs and Housing to the Immigration Appeals Committee. Furthermore, on-site supervision of the employment participation of foreigners on the basis of the Act will be transferred from the Directorate of Labour to the State Occupational Safety and Health Administration. The police's supervisory powers remain unchanged.

In parallel with the abolition of the mandatory union comment on work permit applications, the Directorate of Immigration's communication with unions will be shifted to a different and more concise channel.

Finally, the law introduces necessary changes to the arrangement for students' employment during their studies. The conditions for renewing a residence permit are strengthened so that conditions, for example, regarding satisfactory academic performance, apply to each renewal and not just the first renewal. Stricter conditions are proposed for issuing a residence permit to a student following graduation, and the student must have completed a bachelor's degree at the basic level from a domestic university or a recognized degree of higher

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qualification level based on the Icelandic Qualifications Framework ISQF.

Changes also concern students' right to family reunification, and this right will be limited to a student being registered in full-time studies for a bachelor's degree, a master's degree or a doctoral degree. The right of students to family reunification with parents, cf. the 2nd paragraph of Article 72 of the Act on Foreigners, will be abolished, and this is in line with Nordic practice.

Source(s)

- Parliamentary Gazette | Althingistídindi (18 June, 2026), Frumvarp til laga um breytingu á lögum um útlendinga og lögum um atvinnuréttindi útlendinga (útgáfa dvalar- og atvinnuleyfa). [Bill on amendments to the Act on Foreigners and the Act on Employment Rights of Foreigners (Issuance of Residence and Work Permits).], https://www.althingi.is/altext/157/s/0442.html

Related development(s)
Legislative amendment on transitional measures for beneficiaries of temporary protection
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