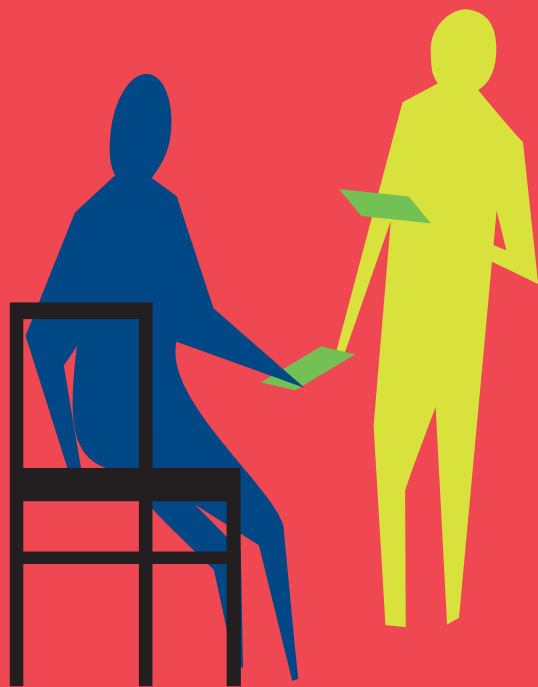


THE RIGHT TO UNEMPLOYMENT BENEFITS



Issued Oktober 2008 according to Act No. 54/2006

The following are not entitled to benefits



- Self employed individuals who pay withholding tax and social security contribution on one fixed occasion annually, are not entitled to unemployment benefits.
- Those who receive payments because of outstanding vacation allowance at the end of their employment.
- Those who receive special payments at termination of employment.
- Those who pursue 75% of full time studies or comparable studies.
- Those who get accident- or sickness payments.
- Those who get payments during maternity/paternity leave.
- Those who receive payments because of children with long term illness.
- Those who stop working as a result of a strike or employer lockout.
- Those who are deprived of their freedom by a court order or a sentence, or those who have been sentenced to perform social services.

Loss of entitlement



- It will cause the loss of benefit entitlement for 40 entitlement days if a job-seeker rejects a job being offered by Vinnumálastofnun.
- It will cause the loss of benefit entitlement for 40 entitlement days if a job-seeker does not take part in preparing a job-search plan, or if he does not adhere by such a plan, including if he rejects measures being offered by Vinnumálastofnun.
- It will cause the loss of benefit entitlement for 40 entitlement days for those who resign their job without valid reason, or lose their job due to reasons that are their own fault. Those are not entitled to income-based unemployment benefits.
- It will cause the loss of benefit entitlement for 40 entitlement days of those who quit their studies without proper cause.
- In the event that an individual loses benefit entitlement for the second time, the entitlement is not renewed until after 60 entitlement days.
- In the event that an individual loses benefit entitlement for the third time, the entitlement is not renewed until the individual has worked for at least eight weeks on the domestic labour market.
- An individual who attempts to obtain benefits by deliberately providing false or misleading information or conceals relevant information regarding his situation, loses the right to benefits.

Decisions on unemployment benefits



- Vinnumálastofnun decides unemployment benefit entitlement and the loss of benefits.
- The decisions of Vinnumálastofnun may be appealed to Úrskurðarnefnd atvinnuleysisstrygginga og vinnumarkaðsaðgerða (the Appeals Committee for Unemployment Benefits and Labour Market Measures).

The right to unemployment benefits



Employees and self-employed persons aged 16-70 are entitled to unemployment benefits on condition that they have the right to unemployment insurance and:

- Are unemployed
- Have their residence in Iceland
- Are actively seeking work
- Are able for work and ready to be hired for all general work
- Are ready to accept work in any location in Iceland

Application for unemployment benefits



When applying for unemployment benefits the following documents need to be submitted if appropriate:

- Certificate from former employer verifying period of employment and work ratio.
- Health certificate in the event of reduced capacity for work.
- Information regarding the requested work ratio and the expected income from part time work.
- Approval of parent or guardian if the applicant is under 18 years of age.
- Documents showing payments from pension fund, social insurance or other parties.
- Evidence of capital income.
- Tax card.
- Certificate of school attendance.
- Information concerning the number of days as a registered seaman.

Self-employed persons and those who work for their own private limited company must submit the following documents:

- Copy of payroll register notification to Ríkisskattstjóra (the Internal Revenue Directorate) regarding termination of company operation.
- Confirmation by tax authorities of calculated earnings.
- Confirmation by tax authorities of payment of social security contribution and withholding tax.

Unemployment insurance

Job-seeker's contact with Vinnumálastofnun



- The job-seeker shall be booked for an interview with a job counsellor as soon as possible after registration.
- The job-seeker shall be in regular contact with a staff member of Vinnumálastofnun in accordance with his/hers instructions.
- Those who are entitled to unemployment insurance must inform Vinnumálastofnun as soon as they get job, if their capacity for work is reduced due to health reasons or if they stop actively seeking work because of studies, maternity/paternity leave, illness or for other reasons.

Entitlement to unemployment benefits



- The entitlement to benefits is based on work and employment ratio during the past 12 months.
- Unemployment benefits are earnings-related for a maximum of three months during each benefit period, after 10 days from application. The calculation is based on 70% of the total average wages during a period of six months ending two months prior to the application date. Maximum benefits are ISK 220,729 (1 February 2008) with full unemployment insurance. Basic unemployment benefits are paid after three months of earnings-related payments.
- The full basic unemployment benefits are ISK 6,277 per day or ISK 136,015 per month (1 February 2008). Unemployment benefits are relatively lower if the work ratio is less than 100%.
- Minimum benefit entitlements are based on at least 25% of full-time work during three months. Minimum entitlement to unemployment insurance provides the right to receive $\frac{1}{4}$ part of full basic unemployment benefits.
- Unemployment benefits are paid for every day except Saturdays and Sundays.
- A job-seeker who has earned a minimum benefit entitlement and has also completed a period of study of no less than six months will be granted an assessment of these studies equivalent to 13 weeks of work. Part-time study and courses do not provide increased entitlement.
- On fulfilment of certain conditions the entitlement to benefits will not be reduced even though the job-seeker is absent from the labour market for up to 24 months. Students may reserve their benefit entitlement for up to 36 months.

- Payments are issued for each child under 18, regardless of benefit ratio.
- Unemployment benefits are neither paid during own illness nor during illness of children.
- Benefit entitlement can not exceed the work ratio, which the job-seeker is ready to be hired for.

Part time job - incidental work



- A job-seeker must inform Vinnumálastofnun if he/she gets a permanent or temporary job.
- A job-seeker in part-time job must disclose his/her income by returning a copy of the pay slip every month since benefits with the part-time job are income-based.
- A job-seeker must have earned benefit entitlement in surplus of work ratio in order to receive benefits in addition to income from part-time job.
- If the job-seeker has incidental work he/she must inform Vinnumálastofnun of all income.
- Maximum allowable income in addition to full benefit is ISK 53,716 (1 February 2008).

Payments from Tryggingastofnun, pension funds and capital income



- Job-seekers who receive payments from Tryggingastofnun and from pension funds, public or private, must inform such payments by submitting copies of payment slips every month.
- Job-seekers must submit information on received capital income without delay.

Benefit period



- Each benefit period is 3 years. A new benefit period can not begin until 24 months have passed since the earlier period ended. To obtain a renewed benefit entitlement, the individual concerned must have worked for at least six months after the end of previous period.
- The benefit period is renewed after the holder of unemployment insurance has worked for an uninterrupted period of at least 24 months in the domestic labour market from the time he last received unemployment benefits.

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