

Iceland - Information on residency for tax purposes

Section I – Criteria for Individuals to be considered a tax resident

Individuals staying in Iceland for 6 months or longer are considered to be residents. Former residents remain subject to full and unlimited tax liability for three years after leaving the country, unless they prove that they have become subject to taxation in another country.

In addition all those who work on-board an airplane or a ship registered in Iceland, for more than 183 days in a 12 month period is considered tax liable.

Art. 1. of the Income Tax law stipulates which individuals bear a full and unlimited tax liability based on residency.

Section II – Criteria for Entities to be considered a tax resident

Legal entities are considered to be residents in Iceland if they are registered in Iceland, if their home, according to articles of association is in Iceland or if their place of effective management is in Iceland.

Place of effective management means where the individual or individuals who take or carry out the decisions regarding the entity's control, direction, operation or management, as well as those regarding the activities it performs, are situated.

Most common legal entities resident in Iceland;

- registered private and public companies, hlutafélög (hf.) and einkahlutafélög (ehf.)
- partnerships, sameignarfélag (sf.)

Art. 2. of the Income Tax law stipulates which entities bear a full and unlimited tax liability based on residency.

Section III – Entity types that are as a rule not considered tax residents

For CRS purposes tax transparent entities are included as reportable entities.

Section IV – Contact point for further information

Further information can be obtained by contacting:

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