



VELFERÐARRÁÐUNEYTIÐ

Ministry of Welfare

**Act on payments to parents of chronically ill or severely disabled children,
No. 22/2006,
as amended by Act No. 158/2007, No. 65/2010, No. 162/2010, No. 126/2011, No. 85/2015 and
No. 88/2015.**

SECTION I

Scope and aim.

Article 1

Scope.

[This Act covers the right of parents to financial assistance when they are not able to pursue employment or studies due to the special care required by their children who have been diagnosed as suffering from chronic illnesses or severe disabilities.]¹⁾

¹⁾ Act No. 158/2007, Article 1.

Article 2

Aim.

[The aim of this Act is to guarantee the parents of chronically ill or severely disabled children financial assistance when they are unable to pursue employment or studies due to the special care required by their children, including the pressing circumstances that arise when their children are diagnosed as suffering from chronic illnesses or severe disabilities, providing that placement services provided by public bodies cannot be arranged.]¹⁾

¹⁾ Act No. 158/2007, Article 2.

Article 3

Definitions.

For the purposes of this Act, the following words are used as defined below:

- a. *Child*: An individual who is under the age of 18 years.
- [b. *Chronically ill child*: A child who requires medical treatment due to a serious and chronic illness.
- c. *Severely disabled child*: A child who, due to severe developmental disorder, mental disorder or physical incapacity, requires special intervention, such as therapy, assistance or supervisory care, during his/her childhood and youth.]¹⁾
- [d.]¹⁾ *Wage-earner*: Any person who engages in paid employment in the service of others in at least 25% of full-time employment each month.
- [e.]¹⁾ *Self-employed individual*: Any person who runs his own business, irrespective of its corporate structure, at a level of operations sufficient for him to be obliged to pay social security tax each month or at other regular intervals decided by the tax authorities.

[f.]¹⁾ *Studies*: 75–100% continuous studies, practical or theoretical, in a recognised educational institution within the ordinary educational system in Iceland, lasting at least six months. The term also applies to 75–100% university-level (third-level) studies and other studies for which the same sort of preparatory education is required as for university-level studies. Individual courses shall not be regarded as constituting studies for the purpose of this Act.

[g. *Pressing circumstances*: Circumstances that arise when a parent is forced to stop work outside the home or to interrupt a course of studies when his/her child is diagnosed as suffering from a serious and chronic illness or a severe disability and requires the services of a special diagnostic or treatment institution.]¹⁾

¹⁾ *Act No. 158/2007, Article 3.*

SECTION II **Administration.**

Article 4

Overall supervision.

[The Minister]¹⁾ shall exercise overall supervision of payments to parents of chronically ill children and seriously disabled children under this Act.

¹⁾ *Act No. 126/2011, Article 415.*

Article 5

Executive party.

[The Minister]¹⁾ shall issue a regulation²⁾ naming the party he entrusts with the application of this Act.

The cost of applying this Act shall be paid by the Treasury under the state budget legislation at any given time.

¹⁾ *Act No. 162/2010, Article 31.* ²⁾ *Regulation No. 1277/2007.*

Article 6

Applications for payments.

[The parent of chronically ill or severely disabled child shall apply for payments as provided for under Sections III and IV to the executive party as provided for under Article 5.]¹⁾ Applications shall be made on special forms and accompanied by materials including a certificate from a specialist at the specialised diagnostic and treatment institution providing services to the child, concerning the child's diagnosis, treatment and care requirements, a confirmation from the employer stating that the parent is stopping work, a confirmation of the period of employment, a certificate from the educational establishment stating that the parent has suspended his/her studies, with a statement of earlier periods of time spent in study, and other information that the executive party may consider necessary.

The executive party may request comments from other parties regarding individual applications when he considers there is reason to do so.

Applications shall be signed by both parents if both exercise custody over the child. A non-custodial parent shall sign the application if he/she meets the conditions of paragraph 5 of Article 8 or [paragraph 4 of Article 14],¹⁾ as shall a spouse [or cohabiting partner]²⁾ when appropriate.

[The tax authorities, the Social Insurance Administration and the Child Support Collection Centre shall provide the executive party with the information necessary for the application of this Act.]¹⁾

¹⁾ *Act No. 158/2007, Article 4.* ²⁾ *Act No. 65/2010, Article 33.*

Article 7

Appeals.

[Appeals may be lodged with the Welfare Appeals Committee against decisions taken by executive parties regarding the rights of parents of chronically ill or severely disabled children which are taken under this Act. Procedure shall be subject to the Welfare Appeals Committee Act and Article 6 of the Maternity, Paternity and Parental Leave Act.]¹⁾

¹⁾ *Act No. 85/2015, Article 13.*

SECTION III
Parents' rights.
Article 8

Conditions for entitlement of parents who are on the labour market.

[A parent, *cf.* items d and e of Article 3, who withdraws from paid employment due to the pressing circumstances that arise when his/her child is diagnosed as suffering from a serious and chronic illness or a severe disability may have a joint right, with the child's other parent, to income-related payments as provided for under paragraph 1 of Article 11 for up to three months as assessed by the executive party.]¹⁾

[A parent may be entitled to income-related payments under paragraph 1, subject to the condition that]¹⁾ was on the domestic labour market for six continuous months before the child was diagnosed as suffering from a serious and chronic illness or severe disability as attested by a certificate from a specialist at the specialised diagnostic and treatment institution providing services to the child; that the parent stops work in order to take care of the child during the period in which payments are made; that the child needs special care given by the parent, e.g. due to hospitalisation and/or treatment at home, providing that no other placement service can be provided by public bodies; and that the parent and child are domiciled in Iceland during the period in which payments are made. Parents shall have stopped work for more than 14 working days, in total, in connection with special care of their child. The work contribution of self-employed parents shall be established on the basis of the social security tax paid during the same period.

[Parents' joint right to receive income-related payments under paragraph 1 may be extended by up to three months when their child needs a substantial degree of care due to a very serious and chronic illness or disability, *cf.* also Article 18.]¹⁾

A parent's entitlement to receive payments according to paragraphs 1 and 3 shall be conditional on their exercising custody of the child themselves or having joint custody, with the child's other parent, when the child is diagnosed as suffering from a serious and chronic illness or severe disability.

A non-custodial parent shall be entitled to receive payments [according to paragraphs 1 and 3],¹⁾ if the custodial parent has given his/her consent for the non-custodial parent to look after the child during the payment period. [The spouse or cohabiting partner of the custodial parent may be entitled to receive payments according to paragraphs 1 and 3, if both the child's natural parents have given their consent, providing that the marriage or registered cohabitation has lasted for more than one year.]²⁾ In cases where one of the natural parents is demonstrably not contactable, the consent of the custodial parent shall be sufficient.

[Parents may decide how they divide the entitlement to payments between them if they both meet the requirements of this Act. However, the parents shall not both be entitled to payments under this Act for the same period. Exemptions may be granted from the restriction imposed by sentence 2 in cases where the child is receiving palliative treatment and the parents have not fully utilised their entitlement under this provision.]¹⁾

[In the event of the death of a chronically ill or severely disabled child, income-related payments to which a parent would otherwise have been entitled under paragraph 1 or 3 may be continued for up to one month following the child's death, providing that the period previously decided by the executive party under paragraph 1 or 3 has not ended.]¹⁾

[[The Minister]³⁾ may issue regulations setting further provisions on the right of parents of chronically ill or severely disabled children to receive payments under this provision.]¹⁾

¹⁾ Act No. 158/2007, Article 5. ²⁾ Act No. 65/2010, Article 34. ³⁾ Act No. 162/2010, Article 31.

[Article 9

Participation in the labour market.

Working on the domestic labour market in the sense of Article 8 involves working in the service of others in a minimum of 25% of full-time employment each month, or working at one's own business, irrespective of the corporate structure, to an extent where the person concerned is obliged to pay social security tax each month or in another regular manner in accordance with a decision by the tax authorities. Full-time work is considered to consist of 172 working hours per month; however, the number of working

hours considered as constituting full-time employment according to a collective agreement shall at all times be taken into account.

The following shall also be considered as constituting participation in the labour market:

- a. annual vacation or other leave in accordance with statutes, a collective agreement or employment contract, even if it is partly or entirely unpaid, *cf.*, however, paragraph 2 of Article 29,
- b. the period during which a parent receives payments of unemployment benefit, is waiting to qualify for such payments or would have been entitled to them if the parent had registered himself/herself as being unemployed in accordance with current Unemployment Insurance Act,
- c. the period during which a parent receives payments of per diem allowances during absence from work due to illness or accident, is waiting to qualify for per diem allowances or would have been entitled to them had the parent applied for them to [the Health Insurance Administration under the Act on Health Insurance and the Act on Social Security Occupational Injury Insurance]¹⁾, or receives payments from a Trade Union's Sickness Fund, providing that the parent has stopped work for reasons of ill health,
- d. the period during which a parent receives compensation from an insurance company which replaces wages due to temporary loss of employment as a result of an accident.

The Directorate of Labour, *cf.* the Unemployment Insurance Act, shall assess whether the parent would have been entitled to unemployment benefit if the parent had registered himself/herself as being unemployed during the relevant period, *cf.* item b of paragraph 2. Entitlement to unemployment benefit shall be subject to the provisions of the Unemployment Insurance Act.

[The Health Insurance Administration, *cf.* the Act on Health Insurance and the Act on Social Security Occupational Injury Insurance]¹⁾, shall assess whether the parent would have been entitled to per diem allowances for absence from work due to illness or accident if the parent had applied for them for the relevant period, *cf.* item c of paragraph 2. Entitlement to per diem allowances due to illness shall be subject to the provisions of the Act [on Health Insurance.]¹⁾²⁾

¹⁾ Act No. 88/2015, Article 25. ²⁾ Act No. 158/2007, Article 6.

[Article 10

Continuous employment.

'Continuous employment' is used to mean that the parent has been engaged in a minimum of 25% of full-time employment each month on the domestic labour market over a specific period. Furthermore, the circumstances listed in items a–d of paragraph 2 of Article 9 shall be regarded as constituting continuous employment.]¹⁾

¹⁾ Act No. 158/2007, Article 7.

[Article 11]¹⁾

Payments to parents on the labour market.

Income-related payments as provided for under paragraphs 1 and 3 of Article 8 to a parent who is wage-earner, *cf.* item d of Article 3, shall amount to 80% of his/her average aggregate wages, based on a twelve-month period ending two months prior to the diagnosis of the child as suffering from a serious and chronic illness or a severe disability. 'Wages' here shall include all forms of wages and other considerations under the Social Insurance Tax Act, and also other payments from the Maternity/Paternity Leave Fund, payments from the Unemployment Insurance Fund, per diem payments for absence from work due to illness and accidents, payments from Trade Unions' Sickness Funds or compensation from insurance companies for loss of wages due to temporary loss of employment, *cf.* items a–d of paragraph 2 of Article 9. In the case of payments from the Maternity/Paternity Leave Fund, the Unemployment Insurance Fund, a Trade Union's Sickness Fund or compensation from insurance companies for loss of wages due to temporary loss of employment, however, the income reference frame on which those payments are based shall be taken into account. Only the average aggregate wages for the months of the reference period during which the parent worked on the domestic labour market shall be taken as a base,

cf., also, paragraph 2 of Article 9. In no case, however, shall fewer than four months be taken into account when calculating average aggregate wages.

Income-related payments as provided for under paragraphs 1 and 3 of Article 8 to a parent who is a self-employed individual, *cf.* item e of Article 3, shall amount to 80% of his/her average aggregate wages, based on the income year preceding the year in which the child is diagnosed as suffering from a serious and chronic illness or a severe disability. In other respects, the provisions of paragraph 1 shall apply.

Notwithstanding paragraphs 1 and 2, the maximum amount of income-related payments in each month may never exceed ISK 518,600.

Calculations of income-related payments under paragraphs 1 and 2 shall be based on information on parent's income gathered by the executive party from tax returns, and the tax authorities' registers of payments of tax deductions at source and social security tax. The executive party shall seek confirmation from the tax authorities that information from registers of payments of tax deductions at source and social security tax complies with the taxes levied by the tax authorities.

Income-related payments to a parent as provided for under paragraph 1 shall begin on and including the day on which the employer ceases to make full wage payments during the parent's period of absence from work, *cf.* also sentence 2 of paragraph 2 of Article 8, and also when payments that are made from a Trade Union's Sickness Fund or grant fund in view of the child's illness or disability come to an end. The parent shall submit a certificate from the employer stating that the parent has stopped work and that full wage payments have been discontinued, and a declaration from the sickness fund or grant fund stating that the parent has fully utilised his/her entitlement there. However, a parent may request that income-related payments begin later than is provided for under sentence 1.

In cases where the parent is a self-employed individual, *cf.* item e of Article 3, income-related payments as provided for under paragraph 2 shall be calculated as from and including the day on which the parent has stopped working for a total of fourteen days due to the special care requirements of his/her child. A self-employed individual shall be considered as having stopped working when no calculated remuneration is paid in respect of his/her work. In other respects, the provisions of paragraph 5 shall apply, as appropriate.

When income-related payments under paragraph 1 or 2 prove to be lower than payments under Section IV, the parent may apply for them without first applying for payments under this provision, providing that the other requirements of Section IV are met.

Income-related payments for the previous month, or part of a month, shall be made in retrospect on the fifteenth working day of each month, providing that the parent has submitted the necessary materials to the executive party before the fifth working day of the month.

Payments made to the parent by his/her employer, or by other parties for the same period, amounting to the difference between payments under paragraph 1 and the parent's average aggregate wages for the income year preceding the one in which the child is diagnosed as suffering from a serious and chronic illness or severe disability shall be deducted from payments under this provision. However, wage increases according to collective agreements, other payments according to collective agreements and changes of wages resulting from changes of job by a parent may be taken into account. The same shall apply to payments to a parent who is a self-employed individual, as appropriate. Payments for the care of the child that are intended to meet costs incurred as a result of the child's illness or disability shall not be deducted from payments under this Act.

The maximum payment amount stated in paragraph 3 shall be reviewed each year when the state budget is approved, taking account of trends in wages, price-levels and the economy. In addition, [the Minister]²⁾ may, after receiving the approval of the Government, change the amount if substantial changes take place in wage trends and the premises underlying the national economy after the budget is approved. When the aforementioned conditions result in a raising of the amount of the payments, [the Minister]²⁾ shall issue a regulation changing the amount.³⁾⁴⁾

¹⁾ Act No. 158/2007, Article 7. ²⁾ Act No. 162/2010, Article 31. ³⁾ Regulation No. 1197/2008. Regulation No. 1100/2009. Regulation No. 1222/2017. ⁴⁾ Act No. 158/2007, Article 8.

[Article 12]¹⁾

[Payments concurrent with work in a reduced job proportion.

A parent, *cf.* items d and e of Article 3, who is obliged to give up part of his/her job due to pressing circumstances that arise when his/her child is diagnosed as suffering from a serious and chronic illness or severe disability may be entitled to proportional payments under Articles 8 and 11 in proportion to reduced job proportion. Full payments shall be based on the job proportion in which the parent worked during the entitlement acquisition period under paragraph 2 of Article 8. The same shall apply when a parent returns to work in a lower job proportion than that in which he/she was engaged in before temporarily stopping work, the reason why the parent is working part time being due to the pressing circumstances that arose when his/her child was diagnosed as suffering from a serious and chronic illness or severe disability, *cf.* Article 8. A condition for this shall be that the parent shall have stopped work and/or worked in a reduced job capacity continuously for more than 14 days and the change of job capacity shall have lasted for two weeks or more. In other respects, the provisions of Articles 8 and 11 shall apply regarding payments to parents reflecting work in a reduced job proportion.

If a parent applies for payments at the same time as reducing his/her job capacity, payments shall be made at 80% of his/her average aggregate wages according to paragraph 1 or 2 of Article 11, as appropriate, in relation to the reduction in job capacity which the parent makes. The period during which the parent would otherwise have been entitled to receive payments under Articles 8 and 11 if he/she had stopped work completely may be lengthened proportionally.

[The Minister]²⁾ may issue regulations containing further provisions on the entitlement of the parents of chronically ill or severely disabled children to receive payments under this provision.]³⁾

¹⁾ Act No. 158/2007, Article 7. ²⁾ Act No. 162/2010, Article 31. ³⁾ Act No. 158/2007, Article 9.

[Article 13]¹⁾

Accumulation and protection of rights.

A parent, *cf.* [items d and e of Article 3],²⁾ shall pay at least 4% of payments under [Articles 8, 11 and 12]²⁾ into a pension fund and the Treasury shall pay [a counter-contribution of 8%].²⁾ In addition, a parent may pay premiums to a private pension fund.

A parent may request to continue to pay contributions to his/her trade union, in which case the executive party shall be responsible for making the payment to the relevant trade union.

¹⁾ Act No. 158/2007, Article 7. ²⁾ Act No. 158/2007, Article 10.

[Article 14]¹⁾

Conditions for the entitlement of parents who are engaged in studies.

[A parent who makes a break in his/her studies, *cf.* item f of Article 3, due to the pressing circumstances that arise when his/her child is diagnosed as suffering from a serious and chronic illness or severe disability may have a joint right, with the child's other parent, to receive payments under paragraph 1 of Article 16 for up to three months, as assessed by the executive party.]²⁾

The conditions include the following: that the parent was engaged in studies, *cf.* [item f of Article 3],²⁾ for at least six of the twelve months preceding the diagnosis of the child as suffering from a serious and chronic illness or severe disability, as attested by a certificate from a specialist at the specialised diagnostic and treatment institution providing services to the child; that the parent makes a break of at least one semester at the relevant educational institution in order to care for the child, which needs special care given by the parent, e.g. due to hospitalisation and/or treatment at home, providing that no other placement service can be provided by public bodies; that the parent were domiciled in Iceland for the twelve months immediately preceding the diagnosis of the child as suffering from a serious and chronic illness or severe disability, and that the parent and child are domiciled in Iceland during the period in which payments are made.

Parent's entitlement to receive payments according to paragraphs 1 and 3 shall be subject to the condition that he himself/she herself exercises custody of the child or has joint custody, with the child's

other parent, when the child is diagnosed as suffering from a serious and chronic illness or severe disability.

A non-custodial parent shall be entitled to receive payments [under paragraph 1]²⁾ if the parent exercising custody has given consent for the non-custodial parent to look after the child for the period during which payments are to be made. [The spouse or cohabiting partner of the custodial parent may be entitled to receive payments according to paragraph 1 if both the child's natural parents have given their consent, providing that the marriage or registered cohabitation has lasted for more than one year.]³⁾ In cases where one of the natural parents is demonstrably not contactable, the consent of the custodial parent shall be sufficient.

[If both parents meet the conditions of this Act, they may decide how they divide payments between themselves. However, parents of children shall not both be entitled to payments under this Act in respect of the same period. Nevertheless, it shall be possible to grant exemptions from sentence 2 in cases where the child is receiving palliative treatment and the parents have not fully utilised their entitlement under this provision.]²⁾

[In the event of the death of a chronically ill or severely disabled child, payments to which the parent would otherwise have been entitled may be continued for up to one month following the child's death, providing that the period previously decided by the executive party under paragraph 1 is not ended.]²⁾

[[The Minister]⁴⁾ may issue regulations containing further provisions on the entitlement of the parents of chronically ill or severely disabled children to receive payments under this provision.]²⁾

¹⁾ Act No. 158/2007, Article 7. ²⁾ Act No. 158/2007, Article 11. ³⁾ Act No. 65/2010, Article 35. ⁴⁾ Act No. 162/2010, Article 31.

[Article 15]¹⁾

Exemptions from conditions for the entitlement of parents who are engaged in studies.

Exemption may be granted from the condition of paragraph 2 of [Article 14]²⁾ regarding domicile if the parent temporarily transferred his/her legal domicile due to studies abroad after being domiciled in Iceland for at least five continuous years prior to the transfer and moved back to Iceland when the child was diagnosed as suffering from a serious and chronic illness or severe disability.

Notwithstanding the condition of paragraph 2 of [Article 14]²⁾ regarding continuous studies during at least six of the twelve months preceding the diagnosis of the child as suffering from a serious and chronic illness or severe disability, as attested by a certificate from a specialist, a parent may be entitled to payments under [Article 14]²⁾ if he/she engaged in continuous employment for at least six months on the domestic labour market immediately prior to the beginning of the course of studies. The same applies if the parent has completed at least one semester of studies, [cf. item f of Article 3],²⁾ and has been on the labour market continuously after that. The condition shall be that studies and employment shall have lasted for a continuous period of at least six months.

¹⁾ Act No. 158/2007, Article 7. ²⁾ Act No. 158/2007, Article 12.

[Article 16]¹⁾

Payments to parents who are engaged in studies.

[Payments to a parent under Article 14 shall amount to ISK 130,000 per month.]²⁾

[Payments to the parent shall be calculated as from and including the day on which 14 working days have elapsed from the time when the child is diagnosed as suffering from a serious and chronic illness or severe disability as confirmed by a medical certificate, cf. Article 14.]²⁾ Payments shall be made retrospectively, when the semester of the relevant educational institution is complete and it has been confirmed that the parent has made a break in his/her studies due to the child's illness or disability. The parent shall submit a certificate from the educational institution stating that he/she has made a break in his/her studies. However, the parent may request that payments be based on a later date than is specified in paragraph 1 if the child's illness or disability is of such a nature that the parent is able to continue with studies but will have to make a break in them later on in order to care for the child due to the development of the child's illness or disability.

The payment amount stated in paragraph 1 shall be reviewed each year when the state budget is approved, taking account of trends in wages, price-levels and the economy. In addition, [the Minister]³⁾ may, after receiving the approval of the Government, raise the amount if substantial changes take place in wage trends and the premises underlying the national economy after the budget is approved. When the aforementioned conditions result in a raising of the amount of the payments, [the Minister]³⁾ shall issue a regulation⁴⁾ changing the amount.

[When payments under paragraph 1 prove to be lower than payments under Section IV, the parent may apply for these payments without first applying for payments under this Article, providing that the other requirements of Section IV are met.]²⁾

Payments made by other parties to a parent for the same period shall be deducted from [payments under this provision].²⁾ Payments for the care of the child that are intended to meet costs incurred as a result of the child's illness or disability shall not be deducted from payments under this Act.

¹⁾ Act No. 158/2007, Article 7. ²⁾ Act No. 158/2007, Article 13. ³⁾ Act No. 162/2010, Article 31. ⁴⁾ Regulation No. 1197/2008. Regulation No. 1100/2009. Regulation No. 1222/2014.

[Article 17

Determination of the length of payments periods to parents.

When determining the length of time during which parents are jointly entitled to receive payments under Article 8 or 14, the executive party shall make a comprehensive assessment of the family's circumstances in the light of the pressing circumstances that arose when a child was diagnosed as suffering from a serious and chronic illness or a severe disability. The frame of reference shall be the family's circumstances at the time when it is requested that payments begin, and attention shall be given, amongst other things, to the degree of illness or disability suffered by the child, *cf.* Articles 26 and 27, the extent of services provided by a diagnostic and treatment institution, the child's care requirements as defined in a certificate issued by a specialist at the diagnostic and care institution that is providing the child with services, *cf.* also Article 25, and the placement services available from public bodies.]¹⁾

¹⁾ Act No. 158/2007, Article 14.

[Article 18

Extension of payment periods.

A parent of a child suffering from the first or second degree of illness or disability, *cf.* Articles 26 and 27, may hold a joint entitlement, with the child's other parent, to an extension of the payment period by up to three months under paragraph 3 of Article 8. When assessing whether parents are entitled to this extension, and for how long, the executive party shall make a comprehensive assessment of the family's circumstances in accordance with Article 17 and also, over the long term, of spells spent by the child in hospital, nursing care given in the family home, time spent by the parent attending the child and how often the child is hospitalised, providing that it requires treatment in the family home together with frequent spells in hospital.]¹⁾

¹⁾ Act No. 158/2007, Article 15.

[SECTION IV General Financial Assistance.]¹⁾

¹⁾ Act No. 158/2007, Article 17.

[Article 19

Conditions for parent's entitlement to basic payments.

A parent who is neither able to pursue employment outside the home nor a course of studies because his/her child requires substantial care due to a very serious and chronic illness or disability may hold a joint entitlement, with the child's other parent, to basic payments under Article 20, as assessed by the executive party.

A parent may be entitled to basic payments under paragraph 1 if his/her child has been diagnosed as suffering from a very serious and chronic illness, or a very severe disability ranking in the first or second

degrees of illness or disability under Articles 26 and 27, as attested by a certificate issued by a specialist at the specialised diagnostic and treatment centre which provides the child with services, the child requires special care from the parent, e.g. due to being hospitalised and/or receiving treatment in the family home, providing that no other placement service can be provided by public bodies, the parent is neither able to pursue employment outside the home nor a course of studies because of the substantial amount of care required by the child and the parent and the child are legally domiciled in Iceland during the period in which payments are made.

A parent's entitlement to basic payments under paragraph 1 shall be subject to the condition that the parent himself/herself has custody of the child, or holds joint custody together with the child's other parent at the time when the child is diagnosed as suffering from a serious and chronic illness or a severed disability.

A non-custodial parent shall be entitled to basic payments under paragraph 1 if the custodial parent has given his/her consent that the non-custodial parent look after the child during the period in which payments are made. [The spouse or cohabiting partner of the custodial parent may be entitled to receive payments if both the child's natural parents have given their consent, providing that the marriage or registered cohabitation has lasted for more than one year.]¹⁾ In cases where one of the child's natural parents can demonstrably not be contacted, the consent of the custodial parent alone shall be sufficient.

Parents may decide how they divide the entitlement to basic payments under paragraph 1 between themselves. However, the child's parents shall not both be entitled to receive payments under this Act in respect of the same period. Nevertheless, exemption may be granted from the restriction imposed by sentence 2 for up to three months in cases where the child is receiving palliative treatment. Parents who have availed themselves of exemptions under paragraph 6 of Article 8 for less than three months may be entitled to receive payments at the same time under this provision, though never for more than a total of three months.

Entitlement to basic payments under this provision shall lapse when the parent no longer meets the conditions of this Section, *cf.*, however, paragraph 7, or when the child reaches the age of 18.

In the event of the death of a chronically ill or severely disabled child, income-related payments to which a parent would otherwise have been entitled under this provision may be continued for up to three months following the child's death. The same shall apply in cases where the child recovers following a chronic illness that has lasted for more than two years.

[The Minister]²⁾ may issue regulations containing further provisions on the entitlement of the parents of very seriously chronically ill or severely disabled children to receive basic payments under this provision.]³⁾

¹⁾ Act No. 65/2010, Article 36. ²⁾ Act No. 162/2010, Article 31. ³⁾ Act No. 158/2007, Article 17.

[Article 20

Basic payments to parents.

Basic payments to a parent under paragraph 1 of Article 19 shall amount to ISK 130,000 per month.

Basic payments to a parent shall be calculated from and including the day on which income-related payments under Articles 8 and 11, or under Articles 14 and 16, if the parent has been entitled to these, expire. Payments to parents who are outside the labour market shall be calculated from and including the day on which fourteen working days have elapsed following the diagnosis of the child as suffering from a very serious and chronic illness or a very severe disability, as attested by a medical certificate under Article 19.

Basic payments shall be made retrospectively, in respect of the previous month or part of a month, on the fifteenth working day of each month, providing that the parent has submitted the necessary materials to the executive party by the fifth working day of the month.

The monetary amount of basic payments under paragraph 1 shall be reviewed when the national budget is passed each year, taking account of changes in wages, price levels and the state of the economy. In addition, [the Minister]¹⁾ may, after receiving the approval of the Government, raise the amount if substantial changes take place in wage levels and the basic premises in the national economy after the

budget is passed. When these conditions result in a rise in the monetary amount of the payments, [the Minister]¹⁾ shall issue a regulation²⁾ amending the amount.]³⁾

¹⁾ Act No. 162/2010, Article 31. ²⁾ Regulation No. 1197/2008. Regulation No. 1100/2009. Regulation No. 1222/2014.

³⁾ Act No. 158/2007, Article 17.

[Article 21

Payments in view of the obligation to support children.

A parent who is entitled to basic payments under Article 19 and who is legally obliged to support children under the age of 18 years shall be entitled to child support payments of ISK 18,284 each month in respect of each child as from the beginning of the period specified in Article 20.

Single parent who is entitled to basic payments under Article 19 and who supports two or more of his/her own children under the age of 18 shall be entitled to special child support payments of ISK 5,325 for two children and ISK 13,846 for three children as from the beginning of the period specified in Article 20.

Claims by the Child Support Collection Centre for child maintenance which the centre has been commissioned to collect from parents may be set against payments under paragraphs 1 and 2.

The monetary amount of basic payments under paragraphs 1 and 2 shall be reviewed when the national budget is passed each year, taking account of changes in wages, price levels and the state of the economy. In addition, [the Minister]¹⁾ may, after receiving the approval of the Government, raise the amount if substantial changes take place in wage levels and the basic premises in the national economy after the budget is passed. When these conditions result in a rise in the monetary amount of the payments, [the Minister]¹⁾ shall issue a regulation²⁾ amending the amount.]³⁾

¹⁾ Act No. 162/2010, Article 31. ²⁾ Regulation No. 1197/2008. Regulation No. 1100/2009. Regulation No. 1222/2014.

³⁾ Act No. 158/2007, Article 17.

[Article 22

Deductions due to income and other payments.

When the sum of the basic payment under Article 19, *cf.* Article 20, and the parent's income and other payments, including disability allowances from ordinary pension funds and private pension funds, and investment earnings, is higher than the basic payment plus the tax-free allowance under paragraph 2, the basic payment shall be reduced by half of the amount of income by which it is higher. Only income which the parent has received during the period in which he/she receives basic payment under Article 19, *cf.* Article 20, shall be taken into account. Payments for the care of a child, which are intended to cover costs incurred in connection with the child's illness or disability, shall not be deducted from payments under this Act.

The tax-free allowance shall be ISK 52,000 per month. The amount of the tax-free allowance shall be reviewed each year when the state budget is approved, taking account of trends in wages, price-levels and the economy. In addition, [the Minister]¹⁾ may, after receiving the approval of the Government, change the amount if substantial changes take place in wage trends and the premises underlying the national economy after the budget is approved. When the aforementioned conditions result in a raising of the amount of the tax-free allowance, [the Minister]¹⁾ shall issue a regulation²⁾ changing the amount.]³⁾

¹⁾ Act No. 162/2010, Article 31. ²⁾ Regulation No. 1197/2008. Regulation No. 1100/2009. Regulation No. 1222/2014.

³⁾ Act No. 158/2007, Article 17.

[Article 23

Determination of the length of the payment period to parents.

When determining how long parents are to have a joint entitlement to receive basic payments under Article 19, *cf.* also Article 20, the executive party shall make a comprehensive assessment of the family circumstances in the light of the diagnosis of the child as suffering from serious and chronic illness or a severe disability. The frame of reference shall be the family's circumstances at the time when it is requested that payments begin, and attention shall be given, amongst other things, to the degree of illness or disability suffered by the child, *cf.* the first and second degrees of illness or disability under Articles 26

and 27, the extent of services provided by a diagnostic and treatment institution, the child's care requirements as defined in a certificate issued by a specialist at the diagnostic and care institution that is providing the child with services, *cf.* also Article 25, and the placement services available from public bodies. Furthermore, consideration shall be given to the length of periods spent by the child in hospital, nursing care given in the family home, time spent by the parent attending the child and how often the child is hospitalised, providing that it requires treatment in the family home together with frequent spells in hospital.]¹⁾

¹⁾ Act No. 158/2007, Article 17.

[Article 24

Reassessment of parents' entitlement to basic payments.

The executive party shall make regular reviews of parent's entitlement to receive basic payments under Article 19, *cf.* also Article 20, as necessary and not less frequently than once a year. The executive party shall examine whether the requirements of Article 19 are still met, and shall request a certificate issued by a specialist at the diagnostic and care institution that is providing the child with services, *cf.* Article 25. Furthermore, the executive party may request comments from other parties in connection with individual applications when, in its opinion, there is reason to do so. In other respects, reference should be made to Article 23 regarding the assessment.]¹⁾

¹⁾ Act No. 158/2007, Article 17.

[SECTION V
Joint Conditions.]¹⁾

¹⁾ Act No. 158/2007, Article 18.

[Article 25

The child's care requirements.

A condition for payments to a parent under Sections III and IV is that his/her chronically ill or severely disabled child requires special care due to an illness or disability falling under the degrees of illness under Article 26 or the degrees of disability under Article 27. The criterion shall be that the parent is unable to be an active participant on the labour market due to having to care for his/her child while receiving the payments, providing that no other placement services provided by public bodies, e.g. in kindergartens, day-care services or part-time placements for the disabled, can be arranged. The same shall apply to parents pursuing courses of studies, *cf.* item f of Article 3, the criterion being that the parent is not able to pursue his/her studies due to having to care for his/her child in the period for which payments are made under Article 14, *cf.* Article 16. In the case of extensions of income-related payments under paragraph 3 of Article 8 or general financial assistance under Section IV, it shall also be a criterion that the degree of care required by the child due to its suffering from a serious and chronic illness or disability is substantial.]¹⁾

¹⁾ Act No. 158/2007, Article 18.

[Article 26

Degrees of illness.

A parent may be entitled to payments under Section III or IV when his/her child has been diagnosed as suffering from a serious and chronic illness falling under one of the following degrees of illness, *cf.*, however, paragraph 3 of Article 8 and also Articles 18 and 19. The executive party shall determine under which of the following degrees of illness the child falls:

1. *First degree:* Children who require long-term placement in a hospital or nursing in the family home and care given by the parent due to their suffering from serious and chronic illnesses, e.g. children suffering from malignant diseases.
2. *Second degree:* Children who require frequent spells in hospital and treatment in the family home due to their suffering from serious and chronic illnesses, e.g. serious heart diseases and serious kidney, lung or liver diseases which require immuno-suppressive treatment.

3. *Third degree:* Children who require spells in hospital and treatment in the family home due to their suffering from serious and chronic illnesses, e.g. children with serious orthopaedic diseases, diseases of the endocrine and metabolic systems, digestive disorders and psychiatric disorders.

When making assessments as provided for in paragraph 1, the criterion shall be that the illness is chronic and is expected to last at least three months.

In the processing of applications for the extension of parents' entitlements under paragraph 3 of Article 8, *cf.* also Article 18, or applications for basic payments under Article 19 when payments under Section III no longer apply, assessment under paragraph 1 shall be repeated as considered necessary.]¹⁾

¹⁾ Act No. 158/2007, Article 18.

[Article 27

Degrees of disability.

A parent may be entitled to payments under Section III or IV when his/her child has been diagnosed as suffering from a severe disability falling under one of the following degrees of disability, *cf.*, however, paragraph 3 of Article 8 and also Articles 18 and 19. The executive party shall determine under which of the following degrees of disability the child falls:

1. *First degree:* Children who, due to their severe disability, are completely dependent on other people regarding mobility or most of the activities of daily life.
2. *Second degree:* Children who, due to their severe disability, require very extensive assistance and almost constant supervision in their daily life, e.g. due to serious developmental disorders or severe autism.
3. *Third degree:* Children who, due to their severe disability, require considerable assistance and supervision in their daily life, e.g. because of moderate developmental disorders, limited mobility requiring the use of a wheelchair or substantial autism.

In the processing of applications for the extension of parents' entitlements under paragraph 3 of Article 8, *cf.* also Article 18, or applications for basic payments under Article 19 when payments under Section III no longer apply, assessment under paragraph 1 shall be repeated as considered necessary.]¹⁾

¹⁾ Act No. 158/2007, Article 18.

[Article 28

A child who is diagnosed again as suffering from serious and chronic illnesses.

The parent of a child that is diagnosed a second time as suffering from a serious and chronic illness after recovery may have a joint entitlement, with the child's other parent, to payments under Section III providing that the parent has been on the domestic labour market for six continuous months or pursued studies for the equivalent length of time. The same may apply when the child's condition deteriorates due to illness or disability. In other respects, the conditions of Articles 8 and 14 shall apply, as appropriate.

The parent of a child that is diagnosed again as suffering from a serious and chronic illness after recovery but does not meet the conditions of paragraph 1 regarding continuous employment or study may have a joint entitlement, with the child's other parent, to payments under Section IV. The same may apply when the child's condition deteriorates due to illness or disability. In other respects, the conditions of Article 19 shall apply.

Parents may be entitled to payments under this Act if a second child of theirs is diagnosed as suffering from a serious and chronic illness or severe disability, providing that the parents have previously received payments in respect of the first child. However, parents may only receive payments in respect of one child at a time.]¹⁾

¹⁾ Act No. 158/2007, Article 18.

[SECTION VI]¹⁾

Miscellaneous provisions.

¹⁾ Act No. 158/2007, Article 18.

[Article 29]¹⁾

Incompatible rights.

A parent who receives unemployment benefits under the Unemployment Insurance Act shall not be entitled to payments under this Act in respect of the same period. The same applies to a parent who receives pension payments under the Social Security Act.

[If a child is diagnosed as suffering from a serious and chronic illness or severe disability while its parents are on maternity/paternity leave or are receiving a maternity/paternity grant under the Maternity/Paternity and Parental Leave Act, the parents shall not also be entitled to payments under Sections III or IV of this Act in respect of the same child at that time. Parents referred to in sentence 1 who are entitled to an extension of maternity/paternity leave or to the payment of a maternity/paternity grant due to their child's illness or disability shall not at the same time acquire an entitlement to payments under Section III of this Act when their maternity/paternity leave, or the payment of the maternity/paternity grant, ends, but they may then be entitled to payments under Section IV of this Act if other conditions of the Act are met. Parents referred to in sentence 2 may later be entitled to payments under Section III of this Act when the conditions of Article 28 of the Act apply.]²⁾

¹⁾ Act No. 158/2007, Article 18. ²⁾ Act No. 158/2007, Article 19.

[Article 30]¹⁾

Set-offs.

If a parent has received higher payments than he/she was entitled to under this Act, undisbursed payments may be set off against the parent's credit balance due to excess tax payments, child benefits and interest benefits under the Income Tax Act, No. 90/2003. [The Minister in charge of procuring income for the Government]²⁾ shall issue further rules on set-offs and priority ranking in a regulation.

Collection of excess payments covered by this Act shall be subject to Article 111 of the Income Tax Act, No. 90/2003. However, [the Minister]³⁾ may entrust the collection to a special collection officer.

¹⁾ Act No. 158/2007, Article 18. ²⁾ Act No. 126/2011, Article 415. ³⁾ Act No. 162/2010, Article 31.

[Article 31]¹⁾

Regulations.

[The Minister]²⁾ may issue regulations³⁾ on the further application of this Act.

¹⁾ Act No. 158/2007, Article 18. ²⁾ Act No. 162/2010, Article 31. ²⁾ Regulation No. 1277/2007. Regulation No. 1197/2008. Regulation No. 1100/2009. Regulation No. 1222/2014.

[Article 32]¹⁾

Commencement.

This Act shall take effect on 1 July 2006, *cf.*, however, paragraphs 2–4. The provisions of this Act shall apply to children who are diagnosed as suffering from serious and chronic illnesses or severe disability on or after 1 January 2006. However, the provisions of paragraph 1 of Article 15 may apply if a child is diagnosed for the first time prior to 1 January 2006.

Notwithstanding the substance of Section III, parents' joint entitlement when their children are diagnosed as suffering from serious and chronic illnesses or severe disability during 2006 shall be up to one month. Parents' joint entitlement to payment may be extended by up to two months if the conditions for extending parents' entitlement apply in respect of the same children, *cf.* paragraph 3 of Article 8 and paragraph 3 of Article 12.

Notwithstanding the substance of Section III, parents' joint entitlement when their children are diagnosed as suffering from serious and chronic illnesses or severe disability during 2007 shall be up to two months. Parents' joint entitlement to payment may be extended by up to four months if the conditions for extending parents' entitlement apply in respect of the same children, *cf.* paragraph 3 of Article 8 and paragraph 3 of Article 12.

This Act shall take full effect in the case of children who are diagnosed as suffering from serious and chronic illnesses or severe disability on or after 1 January 2008. The same shall apply in the circumstances

described in paragraph 1 of Article 15, providing that the children are diagnosed for the first time prior to 1 January 2008.

¹⁾ *Act No. 158/2007, Article 18.*

[Article 33]¹⁾ ...

¹⁾ *Act No. 158/2007, Article 18.*

*[This translation is published for information only.
The original Icelandic text is published in the Law Gazette.
In case of a possible discrepancy, the original Icelandic text applies.]*