

Hotel and Restaurant Act

No. 67 of 28 June 1985

Article 1. The Minister of Transport, Tourism and Communications shall be in overall charge of matters covered by this Act.

This Act shall cover the sale of guest accommodation, the sale of food and beverages other than alcoholic beverages and the renting of reception rooms on a commercial basis.

No one may run a business operation under paragraph 2 without holding a licence to do so.

Article 2. [In order to obtain a licence under this Act, the applicant shall:

- a. Have been legally domiciled in Iceland for at least one continuous year.
- b. Be financially competent and have charge of his financial affairs.

[Citizens of other states in the European Economic Area shall, from the date of commencement of the Agreement on the European Economic Area, be exempt from the condition regarding domicile in Iceland in accordance with further provisions to be issued by the Minister in the form of regulations.¹⁾²⁾

Licences under this Act may be granted to a company or other legal person domiciled in Iceland providing that the executive manager of such a legal person is financially competent and has charge of his financial affairs. In the case of a foreign party or an Icelandic legal person in which a foreign party owns a share, the granting of a licence shall, however, depend on the conditions of the Business Investment by Foreign Parties Act being met.]³⁾

[A licence may be refused if the applicant owes taxes, public levies or pension fund premiums, the combined sum of these debts amounting to more than ISK 500,000, or if the applicant has, during the previous five years, been sentenced to imprisonment for violations of the Criminal Code, the Addictive Drugs Act, the Income and Property Tax Act, the Value-Added Tax Act, the Deduction of Tax at Source Act or the Social Security Tax Act, or the present Act, and the reasons apply to:

- a. an applicant which is a legal person with unlimited liability, or one of its owners,
- b. an applicant which is a legal person with limited liability, the majority of its owners, its director or executive manager,
- c. an applicant who is an individual.]⁴⁾

The names of companies or business operations shall conform to the phonetic and inflectional system of the Icelandic language.

Disputes arising from a name may be referred to the committee functioning under the Act No. 35/1953.

The Minister may issue provisions in regulations regarding the qualifications of the staff of restaurants and hotels covered by this Act and make the granting of licences under this Act subject to conditions applying thereto.

¹⁾Advertisement No. 576/1993. ²⁾Act No. 62/1993, Art. 8 ³⁾Act No. 23/1991, Art. 19. ⁴⁾Act No. 66/2000, Art. 1.

Article 3. Licences under this Act shall be granted by commissioners of police after receiving comments from the local authority, the fire safety inspectorate, the public health committee and the occupational safety authority.

Licences are granted for four years at a time, and shall then be renewed. Licences shall be bound to a place and name and shall not be transferable.

An application for a licence may be rejected if particular circumstances render the activity undesirable. The applicant shall be informed of such a decision in writing and the reasons shall be stated.

An appeal may be made to the Ministry against the rejection or granting of an application.

Article 4. If a new party takes over an operation for which a licence is necessary under this Act, a new licence shall be applied for. The former licence shall remain valid while the application is under consideration.

Article 5. A licensee's insolvency estate may continue operations while the estate is being divided.

Article 6. A licensee's estate at death or [a person who has inherited the operation, may continue it]¹⁾ for up to one year after the death of the licensee without obtaining a new licence.

¹⁾*Act No. 20/1991, Art. 136.*

Article 7. A commissioner of police may withdraw a licence he has granted

- a. if the conditions are no longer met,
- b. if the licensee has been sentenced to a punishment for a violation of this Act or the regulations issued hereunder.

A ruling by a commissioner of police on the withdrawal of a licence may be referred to the Ministry within 14 days of its delivery, and the licensee shall maintain his full rights until the Ministry's ruling is obtained. The period in which an appeal must be lodged shall run from the date on which the withdrawal of the licence was announced to the licensee in writing.

Article 8. Guest accommodation facilities shall be categorised as follows:

- a. Hotels.

Guest accommodation facilities in which the reception is open 24 hours a day and breakfast is served. Each room shall have fully-equipped toilet and bathroom facilities. Exemptions from this requirement may be granted in the case of some of the rooms. However, there shall in all cases be a washbasin in every room, and fully-equipped toilet and bathroom facilities nearby.

- b. Guesthouses.

Guest accommodation facilities with limited service. There shall be a wash-basin in every room and a toilet nearby. Guests shall also have access to fully-equipped bathroom facilities.

- c. Sleeping-bag accommodation.

Sleeping-bag accommodation in rooms or dormitory halls.

- d. Accommodation in private homes.

Accommodation in the home of the lessor.

A licence to operate guest accommodation shall also confer the right to sell refreshments according to the provisions applying thereto.

Article 9. Catering establishments shall be categorised as follows:

- a. Restaurants.

Catering establishments offering a varied range of food and beverages and full service.

- b. Places of entertainment.

Establishments with regular entertainment, offering a varied range of food and/or beverages, and full service.

- c. Snack bars.

Catering establishments offering a simple range of food and/or beverages and limited service.

- d. Catering services, takeaway shops.

Establishments retailing meals for consumption off the premises.

e. Private reception rooms, community halls and outdoor functions.

Occasional refreshments offered at public functions or private functions. Licences shall apply to individual occasions only.

[f. Cafes.

Catering establishments offering a simple range of food and/or beverages in which the main emphasis is on the service of coffee and associated snacks.

g. Pubs (bars).

Catering establishments in which there is limited service and either only a simple range of food or no food available, with the main emphasis on the service of alcoholic beverages.

h. Dance halls.

Catering establishments with regular entertainment activities which are normally open late in the evening and in the night, with the main emphasis on serving alcoholic beverages and providing facilities for guests to dance.

i. Night clubs.

Catering establishments with regular entertainment activities, where the main emphasis is on the service of alcoholic beverages and strip-tease acts for commercial purposes.¹⁾

¹⁾Act No. 66/2000, Art. 2.

Article 10. Operators covered by this Act shall provide the authorities with information according to further instructions from Statistics Iceland. Such information shall be used only for the purpose of surveying and organising tourist services in general and/or the operations of catering establishments and guest accommodation facilities specifically as employment sectors.

Article 11. Commissioners of police shall maintain registers of licences granted under this Act. Registers shall contain the name of the licensee, the location of the operation, the date of delivery of the licence, the date when the licence took effect and other such other matters as the Ministry may decide.

Article 12. Supervision and inspection shall be in accordance with the laws and regulations on hygiene and health, inspection and facilities, hygiene and safety at work and fire prevention.

Article 13. A guest accommodation enterprise may retain guests' luggage as a surety for the payment of unpaid and unsettled debts.

If debts are not paid, the relevant possessions may be sold to meet them.

Article 14. The Minister shall issue regulations¹⁾ containing further rules on the application of this Act not later than six months after its commencement. The Icelandic Hotel and Restaurant Association and the Environment and Food Agency (Iceland) shall be consulted on the preparation of the regulations.

[The Minister of Transport, Tourism and Communications may issue regulations on catering and guest accommodation establishments to the extent necessary in view of commitments resulting from the Agreement on the European Economic Area between the European Economic Community, the European Coal and Steel Community and their member states, on the one hand and the member states of the European Free Trade Agreement on the other (cf. the European Economic Area Act.)²⁾

¹⁾ Reg. No. 288/1987, cf. No. 252/1990, 288/1997 and 606/1997. ²⁾ Act No. 62/1993, Art. 8.

Article 15. Violations of this Act and the regulations issued hereunder shall be punishable by fines unless heavier penalties are prescribed in other statutes.

Article 16. This Act shall take effect on 1st January 1986.

Interim Provision. [Those catering establishments that operate activities that are covered by new categories under Article 2 of this Act shall be obliged to meet the conditions of this Act and obtain the requisite licences before 1st January 2001.]¹⁾

¹⁾*Act No. 66/2000, Interim Provision.*