

**AGREEMENT ON SOCIAL SECURITY  
BETWEEN  
CANADA AND ICELAND**

***THE GOVERNMENT OF CANADA  
AND  
THE GOVERNMENT OF ICELAND,***

*Resolved to co-operate in the field of social security,*

*Have decided to conclude an agreement for this purpose, and*

*Have agreed as follows:*

## **PART I GENERAL PROVISIONS**

### **Article I *Definitions***

1. For the purposes of this Agreement,
  - (a) “Government of Canada” means the Government in its capacity as representative of Her Majesty the Queen in right of Canada and represented by the Minister of National Health and Welfare;
  - (b) “territory” means, as regards Canada, the territory of Canada; and, as regards Iceland, the territory of Iceland;
  - (c) “legislation” means the laws and regulations specified in Article II;
  - (d) “competent authority” means, as regards Canada, the Minister or Ministers responsible for the administration of the legislation of Canada; and, as regards Iceland, the Ministry of Health and Social Security, or such institution as the Ministry designates;
  - (e) “creditable period” means a period of contributions, insurance or residence used to acquire the right to a benefit under the legislation of either Party;
  - (f) “benefit” means any cash benefit, pension or allowance for which provision is made in the legislation of either Party and includes any supplements or increases applicable to such a cash benefit, pension or allowance.
2. Any term not defined in this Article has the meaning assigned to it in the applicable legislation.

### **Article II *Legislation to which the Agreement Applies***

1. This Agreement shall apply to the following legislation:
  - (a) with respect to Canada,
    - (i) the *Old Age Security Act* and the regulations made thereunder, and

- (ii) the *Canada Pension Plan* and the regulations made thereunder;
  - (b) with respect to Iceland,
    - the National Insurance Act No. 67/1971, as amended, and the regulations made thereunder, as they relate to:
      - (i) old age pension,
      - (ii) invalidity pension,
      - (iii) child pension,
      - (iv) widow's benefit, widower's benefit and widow's pension.
2. Subject to paragraph 3, this Agreement shall apply also to any legislation which amends, supplements or supersedes the legislation specified in paragraph 1.
  3. This Agreement shall apply to laws or regulations which extend the existing legislation to other categories of beneficiaries only if no objection on the part of either Party has been communicated to the other Party within three months of notification of such laws or regulations.

### **Article III**

#### ***Persons to Whom the Agreement Applies***

This Agreement shall apply to any person who is or who has been subject to the legislation of Canada or Iceland, and to the dependants and survivors of such a person within the meaning of the applicable legislation of either Party.

### **Article IV**

#### ***Equality of Treatment***

Any person who is or who has been subject to the legislation of a Party, and the dependants and survivors of such a person, shall be subject to the obligations of the legislation of the other Party and shall be eligible for the benefits of that legislation under the same conditions as citizens of the latter Party. The preceding shall also apply to a citizen of the first Party who has never been subject to the legislation of that Party, and to the dependants and survivors of such a citizen.

**Article V**  
***Export of Benefits***

1. Unless otherwise provided in this Agreement, benefits acquired by any person described in Article III under the legislation of one Party, including benefits acquired by virtue of this Agreement, shall not be subject to any reduction, modification, suspension, cancellation or confiscation by reason only of the fact that the person resides in the territory of the other Party, and they shall be payable in the territory of the other Party.
2. Benefits payable under this Agreement to a person who is or who has been subject to the legislation of both Parties, or to the dependants or survivors of such a person, shall be paid in the territory of a third State.

**PART II**  
**PROVISIONS CONCERNING THE APPLICABLE LEGISLATION**

**Article VI**

1. Subject to the following provisions of this Article,
  - (a) an employed person who works in the territory of one Party shall, in respect of that work, be subject only to the legislation of that Party, and
  - (b) a self-employed person who ordinarily resides in the territory of one Party and who works for his or her own account in the territory of the other Party or in the territories of both Parties shall, in respect of that work, be subject only to the legislation of the former Party.
2. An employed person who is covered under the legislation of one Party in respect of employment by an employer who has a place of business in the territory of that Party and who is sent by that employer to perform services in the territory of the other Party shall, in respect of those services, be subject only to the legislation of the former Party as though those services were performed in its territory. The provisions of the preceding sentence shall apply only if the assignment to the territory of the other Party is not expected to last more than 24 months. This coverage may, however, be maintained for more than 24 months with the prior consent of the competent authorities of the Parties.

3. (a) Paragraph 2 shall apply to a person who is sent to work on an installation situated in the continental shelf area of a Party in connection with the exploration of the seabed and sub-soil of that area or the exploitation of its mineral resources, as though that installation were situated in the territory of that Party.  
  
(b) For the purposes of this Article, the continental shelf area of a Party includes every area beyond the territorial seas of that Party that, in accordance with international law and the laws of that Party, is an area in respect of which that Party may exercise rights with respect to the seabed and sub-soil and their natural resources.
4. A person who, but for this Agreement, would be subject to the legislation of both Parties in respect of employment as a member of the crew of a ship shall, in respect of that employment, be subject only to the legislation of Canada if he or she ordinarily resides in Canada and only to the legislation of Iceland in any other case.
5. An employed person shall, in respect of the duties of a government employment performed in the territory of the other Party, be subject to the legislation of the latter Party only if he or she is a citizen thereof or ordinarily resides in its territory. In the latter case that person may, however, elect to be subject only to the legislation of the former Party if he or she is a citizen thereof. Article IV shall not apply to extend this right to elect to a person who is not a citizen of the former Party.
6. The competent authorities of the Parties may, by agreement modify the application of the provisions of this Article with respect to any persons or categories of persons.

## **Article VII**

### ***Definition of Certain Periods of Residence with Respect to the Legislation of Canada and Iceland***

1. For the purpose of calculating benefits under the *Old Age Security Act* of Canada:

- (a) if a person is subject to the *Canada Pension Plan* or to the comprehensive pension plan of a province of Canada during any period of residence in the territory of Iceland, that period shall be considered as a period of residence in Canada for that person as well as for that person's spouse and dependants who reside with him or her and who are not subject to the legislation of Iceland by reason of employment;
  - (b) if a person is subject to the legislation of Iceland during any period of residence in the territory of Canada, that period shall not be considered as a period of residence in Canada for that person and for that person's spouse and dependants who reside with him or her and who are not subject to the *Canada Pension Plan* or to the comprehensive pension plan of a province of Canada by reason of employment.
2. For the purposes of the legislation of Iceland:
- (a) if a person is subject to the legislation of Iceland during any period of residence in the territory of Canada, that period shall be considered as a period of domicile in Iceland for that person as well as for that person's spouse and dependants who reside with him or her and who are not subject to the legislation of Canada by reason of employment;
  - (b) if a person is subject to the legislation of Canada during any period of residence in the territory of Iceland, that period shall not be considered as a period of domicile in Iceland for that person and for that person's spouse and dependants who reside with him or her and who are not subject to the legislation of Iceland by reason of employment.

## **PART III PROVISIONS CONCERNING BENEFITS**

### **CHAPTER 1 TOTALIZING OF PERIODS**

#### **Article VIII**

If a person is not entitled to a benefit on the basis of the periods creditable under the legislation of one Party, eligibility for that benefit shall be determined by totalizing these periods and the periods creditable under the legislation of the other Party, provided that the periods do not overlap.

## **Article IX**

If a person is not entitled to a benefit on the basis of the periods creditable under the legislation of the Parties, totalized as provided in this Agreement, eligibility for that benefit shall be determined by totalizing these periods and periods creditable under the laws of a third State with which both Parties are bound by an international social security instrument which provides for totalizing of periods.

## **Article X**

1. If the total duration of the creditable periods completed under the legislation of one Party is less than one year and if, taking into account only those periods, no right to a benefit exists under that legislation, the competent authority of that Party shall not be required to award benefits in respect of those periods by virtue of this Agreement.
2. These periods shall, however, be taken into consideration by the competent authority of the other Party to determine eligibility for benefits under the legislation of that Party through the application of Articles VIII and IX.

## **CHAPTER 2 BENEFITS UNDER THE LEGISLATION OF CANADA**

### **Article XI**

#### ***Benefits Under the Old Age Security Act***

1. (a) If a person is entitled to payment of a pension in Canada under the *Old Age Security Act* without recourse to the provisions of this Agreement, but has not accumulated sufficient periods of residence in Canada to qualify for payment of the pension abroad under that Act, a partial pension shall be paid to that person outside the territory of Canada if the creditable periods, when totalized as provided in this Agreement, are at least equal to the minimum period of residence in Canada required by the *Old Age Security Act* for payment of a pension abroad.
- (b) The amount of the pension payable shall, in this case, be calculated in conformity with the provisions of the *Old Age Security Act* governing the payment of a partial pension, exclusively on the basis of the periods creditable under that Act.

2. (a) If a person is not entitled to an Old Age Security pension or a spouse's allowance solely on the basis of periods of residence in Canada, a partial pension or a spouse's allowance shall be paid to that person if the creditable periods, when totalized as provided in this Agreement, are at least equal to the minimum period of residence in Canada required by the *Old Age Security Act* for payment of a pension or a spouse's allowance.
- (b) The amount of the pension or the spouse's allowance payable shall, in this case, be calculated in conformity with the provisions of the *Old Age Security Act* governing the payment of a partial pension or a spouse's allowance, exclusively on the basis of the periods creditable under that Act.
3. (a) Notwithstanding any other provision of this Agreement, the competent authority of Canada shall not be liable to pay an Old Age Security pension outside the territory of Canada unless the creditable periods, when totalized as provided in this Agreement, are at least equal to the minimum period of residence in Canada required by the *Old Age Security Act* for payment of a pension abroad.
- (b) The spouse's allowance and the guaranteed income supplement shall be paid outside the territory of Canada only to the extent permitted by the *Old Age Security Act*.

## **Article XII**

### ***Benefits Under the Canada Pension Plan***

1. If a person is not entitled to a disability pension, disabled contributor's child's benefit, survivor's pension, orphan's benefit or death benefit solely on the basis of the periods creditable under the *Canada Pension Plan*, but is entitled to that benefit through the totalizing of periods as provided in this Agreement, the competent authority of Canada shall calculate the amount of the earnings-related portion of such benefit in conformity with the provisions of the *Canada Pension Plan*, exclusively on the basis of the pensionable earnings under that Plan.
2. (a) The amount of the flat-rate portion of the benefit payable under the provisions of this Agreement shall, in this case, be determined by multiplying:
  - (i) the amount of the flat-rate portion of the benefit determined under the provisions of the *Canada Pension Plan*; by

- (ii) the fraction which represents the ratio of the periods of contributions to the *Canada Pension Plan* in relation to the minimum qualifying period under the *Canada Pension Plan* for entitlement to that benefit.
- (b) In no case, however, shall the fraction referred to in sub-paragraph (a)(ii) exceed the value of one.

## **CHAPTER 3 BENEFITS UNDER THE LEGISLATION OF ICELAND**

### **Article XIII**

1. In relation to the condition that a person be domiciled in Iceland in order to be entitled to an invalidity pension, child pension, widow's benefit, widower's benefit or widow's pension, residence in Canada shall be treated as domicile in Iceland.
2. Subject to paragraphs 3 and 4, if entitlement to an old age pension, invalidity pension or widow's pension is established through the application of this Agreement, the amount of the pension payable shall be calculated in conformity with the provisions of the legislation of Iceland, exclusively on the basis of the periods creditable under that legislation.
3. As regards an invalidity pension or widow's pension, in determining the period of domicile of a person who lives outside the territory of Iceland and who was not in receipt of the pension in question when leaving Iceland, the period until reaching the age of 67 shall be taken into account only in the proportion which the periods of domicile in Iceland after reaching the age of 16 bear in relation to the total of those periods and periods of residence in Canada which are creditable for purposes of the *Old Age Security Act* of Canada.
4. Notwithstanding any other provision of this Agreement, the old age or invalidity pension payable to a person who resides outside the territory of Iceland shall not include a guaranteed income or household supplement.
5. If entitlement to a child pension, widow's benefit or widower's benefit is established through the application of this Agreement, the amount of the pension or benefit payable shall be determined by multiplying :
  - (i) the amount of the pension or benefit determined under the legislation of Iceland;

by

- (ii) the fraction which represents the ratio of the creditable periods completed under the legislation of Iceland in relation to the total of the creditable periods completed under the legislation of Iceland and Canada.

## **PART IV ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS**

### **Article XIV**

1. The competent authorities responsible for the application of this Agreement:
  - (a) shall, to the extent permitted by the legislation which they administer, communicate to each other any information necessary for the application of this Agreement;
  - (b) shall lend their good offices and furnish assistance to one another with regard to the determination or payment of any benefit under this Agreement or the legislation to which this Agreement applies as if the matter involved the application of their own legislation;
  - (c) shall communicate to each other, as soon as possible, all information about the measures taken by them for the application of this Agreement or about changes in their respective legislation insofar as these changes affect the application of this Agreement.
2. The assistance referred to in sub-paragraph 1(b) shall be provided free of charge, subject to any agreement reached between the competent authorities of the Parties for the reimbursement of certain types of expenses.
3. Unless disclosure is required under the laws of a Party, any information about an individual which is transmitted in accordance with this Agreement to that Party by the other Party is confidential and shall be used only for the purposes of implementing this Agreement and the legislation to which this Agreement applies.

## **Article XV**

1. The competent authorities of the Parties shall establish, by means of an administrative arrangement, the measures necessary for the application of this Agreement.
2. The liaison agencies of the Parties shall be designated in that arrangement.

## **Article XVI**

1. Any exemption from or reduction of taxes, legal dues, consular fees or administrative charges for which provision is made in the legislation of one Party in connection with the issuing of any certificate or document required to be produced for the application of that legislation shall be extended to certificates or documents required to be produced for the application of the legislation of the other Party.
2. Any acts or documents of an official nature required to be produced for the application of this Agreement shall be exempt from any authentication by diplomatic or consular authorities and similar formality.

## **Article XVII**

For the application of this Agreement, the competent authorities of the Parties may communicate directly with one another in any of the official languages of either Party.

## **Article XVIII**

1. Any claim, notice or appeal concerning the determination or payment of a benefit under the legislation of one Party which should, for the purposes of that legislation, have been presented within a prescribed period to a competent authority of that Party, but which is presented within the same period to a competent authority of the other Party, shall be treated as if it had been presented to the authority of the first Party.

2. A claim for a benefit under the legislation of one Party shall be deemed to be a claim for the corresponding benefit under the legislation of the other Party, provided that the applicant :
  - (a) requests that it be considered an application under the legislation of the other Party, or
  - (b) provides information at the time of application indicating that creditable periods have been completed under the legislation of the other Party.

However, the applicant may request that the claim to the benefit under the legislation of the other Party be deferred.

3. In any case to which paragraph 1 or 2 applies, the authority to which the claim, notice or appeal has been submitted shall transmit it without delay to the authority of the other Party.

## **Article XIX**

1. The benefit paying authority of a Party may discharge its obligations under this Agreement in the currency of that Party.
2. Benefits shall be paid to beneficiaries free from any deduction for administrative expenses that may be incurred in paying the benefits.

## **Article XX**

The competent authorities of the Parties shall resolve, to the extent possible, any difficulties which arise in interpreting or applying this Agreement according to its spirit and fundamental principles.

## **Article XXI**

The relevant authority of Iceland and a province of Canada may conclude understandings concerning any social security matter within provincial jurisdiction in Canada insofar as those understandings are not inconsistent with the provisions of this Agreement.

**PART V  
TRANSITIONAL AND FINAL PROVISIONS**

**Article XXII**

1. Any creditable period completed before the date of entry into force of this Agreement shall be taken into account for the purpose of determining the right to a benefit under the Agreement.
2. No provision of this Agreement shall confer any right to receive payment of a benefit for a period before the date of entry into force of the Agreement.
3. Subject to paragraph 2, a benefit, other than a lump sum payment, shall be paid under this Agreement in respect of events which happened before the date of entry into force of the Agreement.

## Article XXIII

1. This Agreement shall enter into force on the first day of the second month following the month in which each Party shall have received from the other Party written notification that it has complied with all requirements for the entry into force of this Agreement.
2. This Agreement shall remain in force without any limitation on its duration. It may be denounced at any time by either Party giving 12 months' notice in writing to the other Party.
3. In the event of the termination of this Agreement, any right acquired by a person in accordance with its provisions shall be maintained and negotiations shall take place for the settlement of any rights then in course of acquisition by virtue of its provisions.

***IN WITNESS WHEREOF***, the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

***DONE*** in two copies at Gimil this 25<sup>th</sup> day of June 1988, in the English, French and Icelandic languages, each text being equally authentic.

**FOR THE GOVERNMENT  
OF CANADA**

**Jake Epp**

**FOR THE GOVERNMENT OF  
ICELAND**

**Gudmundur Bjarnason**