

Welcome to
The Faroe Islands

Working in The Faroe Islands

- Information for foreigners



Welcome to The Faroe Islands

In this booklet you will find information about the structure of the Faroese labour market, as well as terms and conditions which you must observe while working in the Faroe Islands as a foreigner.

We hope this information will help you settle in the Faroes.

Administrative rules you must abide by

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Overview of the Faroese Labour Market

The Faroese labour market can be divided into a public and a private sector. This publication contains information about the private sector labour market.

The labour market is to a great extent shaped by cooperation and negotiation between two parties: employers' associations and trade unions. Even though union membership is not mandatory, both employers and workers usually choose to join an association or union, which safeguards their interests.

Both employers' associations and trade unions are politically independent, and in the Faroe Islands, it is customary that the political system interferes as little as possible with labour market issues.

The umbrella organisation for Faroese employers' associations is Føroya Arbeiðsgevarafelag, the Faroese Employers' Association, and most employers' associations in the islands are members of it, this includes the master craftsmen's associations.

The most important trade unions, excluding trades at sea, are Føroya Arbeiðarafelag (Faroese General Workers' Union), Havnar Arbeiðarafelag (Tórshavn General Workers' Union), Havnar Arbeiðskvinnufelag (Tórshavn Women Workers' Union), Klaksvíkar Arbeiðsmannafelag (Klaksvík General Workers' Union), Klaksvíkar Arbeiðskvinnufelag (Klaksvík Women Workers' Union), Føroya Handverkarafelag (Confederation of Faroese Unions for Craftsmen), Landsfelag Handverkaranna (Faroese National Confederation of Craftsmen's Unions) and Samverk (Office and Retail Workers' Union).

Terms and conditions of wages and employment for workers are set out in agreements, which the parties draw up after negotiations. Føroya Arbeiðsgevarafelag has the overall responsibility for these agreements on behalf of employers, whereas, within its area, each trade union is responsible for these agreements on behalf of workers.

Once the two parties enter into an agreement, it becomes binding for both employers and workers, and, as a starting point, it is not possible to depart from what it stipulates. Any disputes regarding agreed stipulations are to be settled by the employers' associations and trade unions, according to set procedures.

Please refer to your Trade Union for more information about terms and conditions of employment.

Work permit

Rules regarding work permits in the Faroe Islands vary according to the applicant's country of origin. The Danish Agency for International Recruitment and Integration reviews and administers work permit applications in cooperation with the Faroese Immigration Office. More information about the rules and regulations concerning Faroese residence and work permits are available at the New to Denmark website: www.nyidenmark.dk or at the Faroese Immigration Office.

Nordic citizens

If you are a citizen of Finland, Sweden, Norway, Denmark, Iceland or Greenland, you are free to work in the Faroe Islands. You do not need to apply for a work permit.

EU-citizens

If you are a non-Nordic EU citizen, you must apply for a work permit in order to work in the Faroe Islands. Application forms can be found on the website nyidanmark.dk. Find relevant application forms by searching for "Faroe Islands".

Citizens from other countries

If you are a citizen of a country outside the European Union, you must also apply for a work permit in order to work in the Faroe Islands. Application forms can be found on the website nyidanmark.dk. Find relevant application forms by searching for "Faroe Islands" on the website nyidanmark.dk.

Limited tax liability

If you only work in the Faroe Islands for a period of 180 days or less in a 12-month period and you do not move your permanent address to the Faroes, you are subject to limited tax liability in the Faroes. This means that you must pay a standard tax rate of 42% on all income earned in the Faroes, but you remain tax liable in your country of residence.

If you work onboard a FAS ship or a bareboat ship, the tax rate is 35%. When you have limited tax liability, you are not entitled to child tax credits or interest subsidy in the Faroe Islands. For more information please visit the website www.taks.fo.

If you are subject to limited tax liability in the Faroe Islands, you must apply for a temporary p-tal (Faroese civil registration number) in order to receive wages. Find the application form for temporary p-tal on the website www.taks.fo.

Full tax liability

If you either move your permanent residence to the Faroe Islands or work there for more than 180 days in a 12-month period, you are fully tax liable in the Faroes. Full tax liability means that all income, whether earned in the Faroes or abroad, is subject to taxation in the Faroes, effective from the first day there.

Holiday allowance

In the Faroe Islands, if you are a wage earner (i.e. paid by the hour), you have the right to a paid holiday. The system of holiday allowance, in Faroese Frítíðarløn, is set up for this purpose.

Every time you are paid wages, your employer is responsible for making a holiday allowance contribution to TAKS' holiday fund. The contribution corresponds to 12% of your wages. The holiday allowance then accumulates throughout the year until the 2nd of May, every year, when the allowance is paid out to your account.

If you are leaving the Faroes, you should not cancel your Faroese bank account until after the holiday allowance has been credited.

More information about holiday allowance can be found on the website www.taks.fo.

Mandatory contribution

Below is a list of mandatory contributions that are usually withheld from your pay if you are fully tax liable in the Faroes. These include:

Kringvarpsgjald

Kringvarpsgjald is a broadcast receiver license that all individuals aged 24 or over and fully tax liable in the Faroes, pay to the public broadcasting network, Kringvarp Føroya. People aged 24-66, pay DKK 150 per month, and people aged 67 or over, pay DKK 50 per month.

Heilsutrygd

Heilsutrygd is the name of the national health insurance. Everyone with a registered residence in the Faroes is covered. Individuals aged 18 or over and covered by the insurance, are required to pay the insurance premium, which is DKK 175 per month + 0.7% of their income.

Barsilsgjald

Barsilsgjald is the contribution to the Parental Benefit Fund, Barsilsskipanin. All individuals, aged between 16 and 66 and fully tax liable in the Faroes, are required to pay 0.86% of their income to the fund.

ALS-gjald

ALS-gjald is the unemployment insurance contribution. All individuals, aged between 16 and 66 and fully tax liable in the Faroes, are required to pay the insurance premium, which is 1% of their income.

AM-gjald

AM-gjald is the labour market supplemental pension contribution. All individuals under the age of 67, regardless of whether they are subject to full or limited tax liability in the Faroe Islands, are required to contribute 3% of their income to the AM-fund. Once reaching retirement age, individuals may receive pension from the AM-fund if they have lived in the Faroe Islands for a minimum of three years while between the ages of 15 and 67.

Please note that these amounts are subject to change and are last changed in October 2021.

Questions about work immigration in the Faroes?

Útlendingastovan, the Faroese Immigration Office, will be able to assist you. Visit their website www.utlendingastovan.fo for relevant information on the subject, available in both Faroese and English.

You will also find information about the rules and regulations concerning Faroese residence and work permits on the New to Denmark website: www.nyidanmark.dk .

Facts about the Faroe Islands



Since 2013, the population of the Faroe Islands increased slightly and reached a number of 53.934 inhabitants as of 2021



Sheep population 70.000



No point in the Faroe Islands is farther than 5km (3 miles) from the sea



The Faroe Islands is not a member of the European Union, despite the fact that it is a self-governing region



In the capital, Tórshavn, transport with city buses is free of charge



Faroese people have an average lifespan of 82.6 years old



Facts about the Faroe Islands
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Sheep population 70.000

We hope you will enjoy your stay

Contact numbers

Trade Unions

Føroya Arbeiðarafelag (Faroese General Workers' Union)

Tel: 312101 web: www.fafelag.fo

Havnar Arbeiðarafelag (Tórshavn General Workers' Union)

Tel: 317103 web: haf@haf.fo

Havnar Arbeiðskvinnufelag (Tórshavn Woman Workers' Union)

Tel: 353995 web: hakf@post.olivant.fo

Klaksvíkar Arbeiðsmannafelag (Klaksvík General Workers' Union)

Tel: 455090 web: kamf@olivant.fo

Klaksvíkar Arbeiðskvinnufelag (Klaksvík Women Workers' Union)

Tel: 455218 web: kl-arbkv@olivant.fo

Føroya Handverkarafelag (Confederation of Faroese Unions for Craftsmen)

Tel: 312120

Havnar Handverkarafelag (Confederation of Tórshavn Unions for Craftsmen)

Tel: 354800

Landsfelag Handverkaranna (Nation-wide Union for Craftsmen)

Tel: 234809 web: www.lfh.fo

Samverk (Office and Retail Workers' Union)

Tel: 666060 web: www.samverk.fo

Emergency:

Dial 112 for emergency: Police, fire and ambulance

The Police:

Tel: 351448

The National Hospital

Tel: 304500

Emergency service doctor outside opening hours

Tel: 1870

Taxes

Tel: 352600

Free legal help:

Tel: 319823