

No. 19 of 6th April 1966, with subsequent amendments up to 1st August 2020.

Article 1

No one may acquire the right to own or use real property in Iceland, including fishing and hunting rights, water rights or other real property rights, whether by free assignation or enforcement measures, marriage, inheritance or deed of transfer, unless the following conditions are met:

1. In the case of an individual, he shall be an Icelandic citizen or have domicile in Iceland.
2. If several individuals are involved in a company, and each bears unlimited liability for the debts of the company, they shall all be Icelandic citizens or shall have been domiciled in

Iceland for at least five continuous years.

3. In the case of a company in which some members bear unlimited liability, and others only limited liability, for the company's debts, all those who bear unlimited liability shall be Icelandic citizens or shall have been domiciled in Iceland for at least five continuous years.

4. In the case of a company in which none of the members bears unlimited liability for the company's debts, or an institution, the company or institution shall have its domicile and venue in Iceland and all its directors shall be Icelandic citizens or shall have been domiciled in Iceland for at least five continuous years. In the case of joint-stock companies, 4/5 of the share capital shall be owned by Icelandic citizens, and Icelandic citizens shall exercise the majority of the votes at shareholders' meetings.

The minister may grant permission to deviate from the conditions of the first paragraph:

in accordance with applications from natural or legal

persons for which it is necessary to acquire the right of ownership, or the right of utilisation, over properties and the appurtenant property rights, for the purpose of direct utilisation in their business operations, or in accordance with an application from a natural person if he or she is considered as having a strong connection with Iceland, e.g. by reason of marriage to an Icelandic citizen. A permit granted under the second paragraph shall pertain to a specific property. The size of the property shall not exceed 3.5 hectares unless the application is made under point 1 of the second paragraph and the applicant demonstrates the need for a larger property in connection with business operations which it proposes to pursue on the property; however, the size shall not exceed a maximum of 25 hectares. A condition for the granting of permission shall be that the applicant does not own other properties in Iceland, unless the application is made under item 1 of the second paragraph and the applicant demonstrates a need for more properties in connection with its business operations.

In applications for permission under the second paragraph, the applicant shall explain the proposed utilisation of the property. Details shall also be given of other properties in Iceland owned by the applicant and, where appropriate, properties owned by related parties in the sense that this term is used in the Annual Accounts Act. If the applicant under point 1 of the second paragraph is a legal person, details of its direct and indirect ownership shall also be given in the application. Furthermore, the identity of the beneficiary owners or owners of legal persons in the sense that these term are used in the Act on Measures against Money Laundering and Terrorist Financing Act shall be stated. Information given in applications for licences shall be supported by the appropriate materials, and it shall be possible to verify these. The minister shall reject applications for permission if, in his or her opinion, the appropriate materials or information is deficient, after the applicant has been given an opportunity to make good any such deficiency.

Permits under the second paragraph may not be issued to

foreign states, government authorities, state-run enterprises or other foreign public bodies (see, however, Article 11). Agreements, deeds of transfer or other documents conferring title in connection with the right to own or use real property subject to permission under paragraph 2 shall be submitted to the Minister, and the instrument involved shall not acquire validity until the Minister has confirmed it with his signature. Further provisions regarding the form and content of such applications may be set forth in the form of regulation. Notwithstanding the provisions of paragraphs 1-6, the permission of the Minister shall not be required in the following cases:

1. In the case of the hire of real property or the rights concerning real property, providing that the hire period or the period applying to other rights is three years or shorter, or where the right is reserved to terminate the agreement with one year's notice or less.