**New Collective Agreement**

**A summary**

On December 21st a new Collective Agreement on the private labour market was signed on behalf of ASÍ, The Icelandic Confederation of Labour and SA, The Confederation of Icelandic Employers.

The agreement will now be put to a vote among the members of the trade unions and must be ratified at the latest on January 22nd 2014 in order to be valid. If accepted the agreement is valid from January 1st 2014 to December 31st 2014.

The main objective of the agreement is to increase purchasing power, raise the lower wages comparatively more than other wages, ensure low inflation and promote economic stability. We think that is is very important that all parties have agreed to continue negotiations early in 2014 with the aim of higher purchasing power and stability of the economy.

**Highlights of the new collective agreement**

**HTop of Form**

**Almenn launahækkunGeneral wage increase**

Hinn 1.On janúar 2014 skulu laun hækka um 2,8%, þó að lágmarki kr. January 1st 2014, wages will increase by 2.8%, but not less than kr. 8.000 á mánuði fyrir dagvinnu miðað við fullt starf.8.000 per month for full daytime work. Aðrir kjaratengdir liðir hækka um 2,8% á sama tíma. Other wage-related items will increase by 2.8% over the same period.

**Sérstök hækkun kauptaxta**

**New wage rates from 1 of January 2014**

Í stað áðurgildandi kauptaxta komi nýir sem eru hluti samninga viðkomandi aðildarsamtaka ASÍ.Previously valid wage rates are replaced by new wage rates. Launataxtar undir 230.000 kr. Pay-scales under 230,000 kr. á mánuði hækka sérstaklega um 1.750 kr. per month will increase specifically by 1,750 kr. The newKauptaxtar gilda frá 1. pay scales are valid fromjanúar 2014. January 1st 2014.

**Lágmarkstekjur fyrir fullt starf**

**Minimum full-time employment payments**

Lágmarkstekjur fyrir fullt starf skv.Minimum full-time employment will bekjarasamningum viðkomandi aðildarsamtaka ASÍ skulu vera kr. kr. 214.000 frá 1.214 000 from 1 of January janúar 2014 fyrir starfsmenn 18 ára og eldri sem starfað hafa fjóra mánuði samfellt hjá sama fyrirtæki.and will be increase by kr. 10.000.- for workers aged 18 and older who have worked four consecutive months in the same company.

**Desember- og orlofsuppbót**

**December and vacation bonuses**

The December bonus for full-time employment in 2014 kr. will be 53,600 kr. (retail and office workers 69.000 kr.).

Vacation bonus (1 of May to April 30 will be 29.500 kr.) for full-time employment in 2014 will be 29.500 kr. (retail and office workers 22.200 kr.).

Framlög til fræðslu- og starfsmenntasjóða hækka um 0,1%.

**Contributions to education and vocational training**

Contributions to education and vocational training funds will be increased by 0.1%.

**Changes in income taxÍtarlegri samantekt, þ.á.m.**

The government has issued a statement relating to changes in income tax which means that the threshold between the first and second step will increase from 256.000 kr. to 290.000 kr. The tax rate in the second step will be lowered from 25.8% to 25.3%. The personal tax credit will increase due to a Collective Agreement from 2006.

**Price control**

Most municipalities in the country have decided to keep a strict control of prices, charges and tariffs and this means that these leading municipalities of the country will not increase their chargers for the public services in the new year as they had originally decided. The government has issued a statement where they follow the Central bank´s 2,5% price increase a year and the government will also revise those changes in charges/ tariffs that have been decitedin the state budget for 2014. Tariffs and charges in public companies in the ownership of state and communities will stick to the inflation target of 2.5% of the Central Bank.

**Social- and education issues**

In the new agreement and the statement of the government parallel to the SA/ASÍ agreement there are important social and education issues that will promote and improve the situation of workers especially in the private labour market. These concern e.g. more equal pension rights compared to the public pension system, important reforms in housing policy, reforms in education and the formation of an active labour market policy with the aim of promoting the welfare of those working in this country, and with a special emphasis on active participation of most workers in the labour market.

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| --- | --- | --- | --- | --- | --- | --- |
| **Wage increases and tax reliefs from January 1st 2014** | | | | |  |  |
| **Monthly wages in kr.** | | **Monthly wage increase+** | **Tax relief\*** | **Tax relief\*\*** | **Total** | **Change in %** |
| 190.000 | 230.000 | 9.750 | 0 | 2.036 | 11.786 | 6,2-5,1% |
| 235.000 | 285.000 | 8.000 | 0 - 539 | 2.036 | 10.036 | 4,3%-3,7% |
| 300.000 |  | 8.400 | 957 | 2.429 | 11.786 | 3,9% |
| 350.000 |  | 9.800 | 1.245 | 2.429 | 13.474 | 3,8% |
| 400.000 |  | 11.200 | 1.485 | 2.429 | 15.114 | 3,8% |
| 450.000 |  | 12.600 | 1.725 | 2.429 | 16.754 | 3,7% |
| 500.000 |  | 14.000 | 1.965 | 2.429 | 18.394 | 3,7% |
| 600.000 |  | 16.800 | 2.445 | 2.429 | 21.674 | 3,6% |
| 700.000 |  | 19.600 | 2.925 | 2.429 | 24.954 | 3,6% |
| 800.000 |  | 22.400 | 3.405 | 4.138 | 29.943 | 3,7% |
| 900.000 |  | 25.200 | 3.470 | 4.913 | 33.583 | 3,7% |
| 1.000.000 |  | 28.000 | 3.470 | 4.913 | 36.383 | 3,6% |
| + A special increase of the wage rates for workers is on average 1.750 kr. | | | | | | |
| \* Due to the change in the tax bill with effect from January 1st 2014. | | | |  |  |  |
| \*\* Due to the price indexation of the personal tax credit according to a ASÍ’s Collective Agreement in 2006 and wage indexation of the thresholds between the second and third tax steps. | | | | | | |