The history of estate, inheritance, and gift taxation in Iceland from 1814 to 2005 reflects broader trends in the country's social and economic development. Initially, during the 19th century, Iceland was under Danish rule (until independence in 1944) and largely adhered to Danish taxation models. Estate and inheritance taxes were minimal or nonexistent during much of the early 19th century, reflecting Iceland's agrarian and sparsely populated society, with limited central government revenue needs.

The late 19th and early 20th centuries saw the gradual introduction of inheritance taxation in Iceland, influenced by European models emphasizing progressive taxation to reduce wealth inequalities. By the mid-20th century, as Iceland transitioned from an agricultural economy to a modern welfare state, estate and inheritance taxation became more structured. These taxes served dual purposes: revenue generation and wealth redistribution, consistent with Iceland’s broader adoption of social democratic policies.

Iceland became an independent state on **December 1, 1918**, through the **Act of Union** with Denmark. This agreement recognized Iceland as a sovereign state in a personal union with Denmark under the Danish Crown, meaning that the two nations shared the same monarch but Iceland handled its internal affairs independently.

Full independence came later, on **June 17, 1944**, when Iceland formally declared itself a republic and severed all ties with the Danish monarchy. This transition was influenced by Denmark's occupation during World War II, which left Iceland effectively managing its own affairs, paving the way for the establishment of the Republic of Iceland.