



EMPLOYMENT IN THE NETHERLANDS



The Dutch Labour Laws governs the relationship between employees and employers of all types. People who work in the Netherlands can rely upon a minimum set of employment rights. Below is some key information about employment in the Netherlands, intended to provide a brief overview of employment law in the Netherlands. It is not intended as a substitute for professional legal advice and counsel.



WORKING TIME AND OVERTIME

The standard Dutch working week is 38 hours per week. The majority of full time (voltijd) jobs in the Netherlands are between 36-40 hours a week, or seven to eight hours a day, five days a week. If an employee works less than 36 hours a week, but more than 12, they are considered as working part time (deeltijd).

In the Netherlands an employee can legally work a maximum of 12 hours per shift and a maximum of 60 hours per week. This limit is only for brief periods, for longer time frames the limit is lower. Unlike many other countries, regularly working long hours overtime is not so common.

Whether or not employees receive compensation for hours worked overtime depends on the terms in the contract of employment. Some companies will stipulate in the contract that (a certain amount of) overtime work comes with the job and is covered by the regular salary, while others may provide financial compensation or time in lieu for any extra hours worked.

If an employee works more than 5.5 hours per day they are entitled to a break of at least 30 minutes.

ANNUAL LEAVE

A full time employee is eligible to receive a minimum of 20 days of statutory paid annual leave. A holiday allowance of 8% of the gross salary is mandatorily granted to every employee on the Dutch payroll. Holiday allowance will be calculated and paid out based on the employment period from June 1st to May 31st. There are 9 public holidays in the Netherlands. There is no statutory obligation to give employees leave on public holidays.

TRIAL PERIOD

The duration of a probation period depends on the duration of the employment contract. However, it may never exceed a 2 month period. Contracts with a duration from six months to two years can include a probation period of a maximum of one month. If a contract is less than 6 months, a probation period is void.

RESIGNATION AND DISMISSAL

An employee may unilaterally terminate their employment by providing written notice to their employer. Notice periods do vary, typically this is one month. Notice periods will be stated in the contract of employment.

The Netherlands has very strict rules and regulations around termination, and not adhering to these can lead to excessive costs for the employer. During the probation period both employer and employee can terminate with immediate effect and without the need to specify a reason. After completing the probation period, an employee may only be terminated if permission is granted by the relevant authorities. Depending on the grounds of termination, the permission must be requested at the Dutch labour authority ("UWV") or the County Court, prior to a termination.

If the authority rules that the employment contract can indeed be terminated, the employee is entitled to a severance pay, also known as transition fee. The employee can still appeal to the UWV's or Court's decision.

CONTRACT OF EMPLOYMENT

An employment contract (arbeidscontract) is an arrangement between an employee and employer, this contains working arrangements. It contains the rights and duties of both the employee and employer. An employer must provide an employee with a contract that contains details of their employment such as name and place of residence of employee and employer, employees job title, nature of work, location, working hours/days, salary, payment periods, date of joining, terms of employment, holiday allowance/entitlement, notice period, pension, any other collective agreements.

MATERNITY AND PATERNITY LEAVE

Expectant mothers in the Netherlands are entitled to 16 weeks of maternity leave (zwangerschapsverlof). This must be taken at least 4 weeks and up to 6 weeks before the birth with the remaining being taken after the birth. The employer will claim the maternity leave on behalf of the employee from the Government's Employee Insurance Agency (Uitvoeringsinstituut Werknemersverzekeringen – UWV). This benefit will match the mother's salary. Please note there is a maximum daily amount that is updated yearly. If the normal salary exceeds this daily allowance, then the employer may make up the difference, but this is not mandatory.

Expectant fathers are entitled to five days of paternity leave (kraamverlof or vaderschapsverlof) paid in full by the employer when their partner has given birth. This leave must be taken within 4 weeks of the birth.

SICKNESS LEAVE

If an employee becomes ill the employer is required to pay at least 70% of their normal salary. This can be for up to 2 years. The employer must actively stay in touch with the employee during a period of sick leave, this can be through the occupational health and safety service (arbodienst). Employers must consult with employees about returning to work known as reintegration obligation

SOCIAL SECURITY

There are two types of social security in the Netherlands. The first being Employee Insurance (werknemersverzekeringen) which is mandatory for all employees in the Netherlands and provides employment related benefits such as unemployment, illness and incapacity for work. The second is National Insurance (volksverzekeringen), this is mandatory for all who live in the Netherlands covering social benefits.

HEALTHCARE AND INSURANCE

Every person who lives or works in the Netherlands is legally obliged to take out standard health insurance. New residents to the country need to sign up for a health insurance within four months of registering at the city hall or receiving the residence permit. There are two channels, an employer contribution paid through a payslip at a capped percentage of an employees gross salary. The second being a contribution paid by the employee to an insurance company where cover is taken. Every person must subscribe to the governments basic insurance as a minimum.



EMPLOYMENT OF FOREIGN NATIONALS



Most non-EEA nationals must have an employment permit to work in The Netherlands. There are two main types of work permits for the Netherlands detailed below.

1. GVVA OR SINGLE PERMIT

Foreign nationals from outside the EEA and Switzerland must apply for a single permit (GVVA) if they are coming to the Netherlands to work for more than 3 months. An employer can only employ someone from outside the EEA and Switzerland if they can't find a suitable candidate from an EEA country or Switzerland. The vacancy has been open for at least 5 weeks, or at least 3 months for vacancies that are difficult to fill. The UWV decides whether a vacancy is difficult to fill. The employer applies to the UWV for an employment permit (TWV) or to the IND for a single permit (GVVA) and must also satisfy other requirements for the TWV or GVVA.

2. HIGHLY SKILLED MIGRANT

This work permit in the Netherlands allows employers to hire extremely skilled foreign workers, sometimes known as 'knowledge workers' without being obliged to prove that there are no fit local or EU candidates for the position in question. To get a residence permit as a highly skilled migrant, employees must have an employment contract (or written agreement) for at least four months with an employer recognised by the Dutch immigration authorities and earn above a certain level of income.

The permit is valid for the duration of the employment contract or assignment, up to a maximum of five years but can be extended.



SALARY AND SALARY TAXES

MINIMUM WAGE

The minimum wage is reviewed twice per year by the Dutch Government in January and July. As of January 2022 the minimum wage per week for over 21 is €398.10.

The law does not lay down how many hours there are in a full working week. There are usually 36, 38 or 40 hours in a full week.



INCOME TAX

The Dutch tax year runs from January to December. The employer has a withholding obligation for taxes due on the employee's salary, known as wage tax or wage withholding tax (Loonbelasting). Below is a table of tax thresholds for employees

Tax per annum	€0 - €35,742.00	€35,742.01 - €69,398.00	€69,398.01 +
Tax payable	9.42%	37.07%	49.5%



SALARY PAYMENTS

Salaries are typically paid on a monthly basis and at the end of the month in the Netherlands.

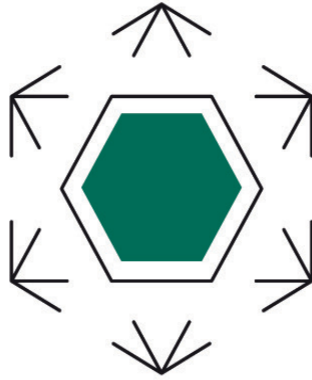
SOCIAL SECURITY CONTRIBUTIONS

Social security contributions in the Netherlands are deducted from an employees salary before payment by the employer. Both the employee and employer have mandatory contributions. These include insurances such as health, unemployment and disability.

Employer contribution rates can change and there are some differences depending on the industry. Contributions for the employer are capped at €4975.5 per year for insurances and healthcare based on an employees qualified earnings. However, this again can vary. At present this stands at 9.8% for insurances and 6.75% for healthcare. This does not include other contributions such as pension, social funds and training.

Currently the social security contributions for EU residents permanently working in the Netherlands is 27.65%.





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