

BIPO Work Guide

Netherlands | October 2023

Advice

By means of this document, BIPO Service Netherlands would like to inform all our employees and candidates about the general terms regulating employment and related matters in Spain, as well as to be able to solve any doubts that may arise at first instance about how the country works.

The aim is that the employee as well as the client is aware of the principles of labor legislation that often and in comparison to many other European countries, provides greater protection to the employee. That entails with a higher risk possible slight financial and operational risk to the company and to the employer employer.

In all host contracts that BIPO Service enters into with foreign companies, the ultimate responsibility for the employment and, therefore, these risks, lies with the foreign employer.

Introduction Into Employment Law

The employment relationship in the Netherlands is highly regulated by law. Aside from legislation and individual employment contracts, prevailing collective bargaining agreements (CBA) make up the employment law. Like other European countries, the Netherlands' employment law is considered to be employee protective.

Overview

The hiring process in the Netherlands is straightforward.

- Employers are to check the employee's identity and keep a record of the employee's identity card
- Employers are recommended to do a background check on the applicants. Employers are not allowed to ask for information regarding the applicant's health and are only allowed to ask questions relevant to the position. This practice is commonplace in the Netherlands.
- Main hiring documents:
 - Signed employee contract
 - Employee identification
 - Copy of citizen service number (BSN) – foreigners who have the intention to live in the Netherlands for more than four months are to register for a BSN within five days of arrival in the Netherlands.
 - Bank account

Contents

01 | Social Security System

- Social Security
- Public Health Insurance
- Sick Leave
- Maternity and Paternity leave

02 | General Labour Law

- Minimum Wage
- Working hours
- Annual leave

03 | Terminations

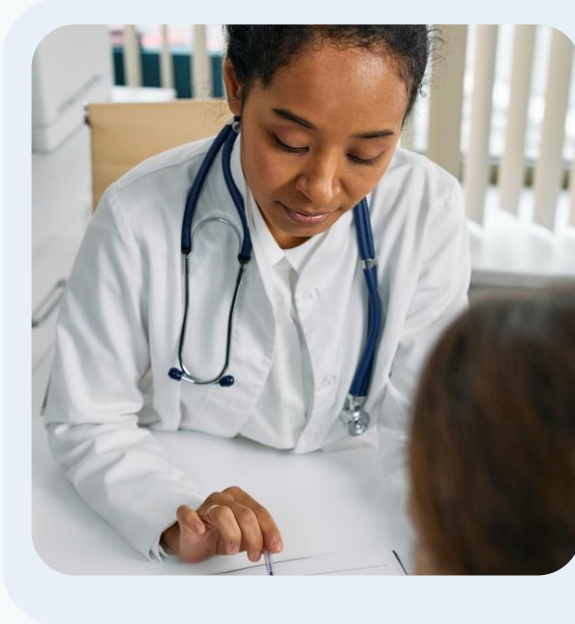
1 | Social Security System

Social Security

The Dutch social security system has two strands. The first, national insurance (volksverzekeringen), covers social benefits and is administered by the Social Insurance Bank (Sociale Verzekeringsbank, or SVB). Meanwhile, employee insurance (werknemersverzekeringen) provides benefits relating to work. The Employee Insurance Agency (Uitvoeringsinstituut Werknemersverzekeringen, or UWV) oversees this.

The minimum wage is lower if you are under 21. The government adjusts the amount of the minimum wage twice a year – on 1 January and 1 July – in line with changes in average collectively agreed wages in the Netherlands.

The individual income tax ranges up to 49.5% in 2023. Up to an income of EUR 73,031, a rate of 36.93% will apply there.



Gross Annual Income	Taxable rate %
Less than € 37,149	9.28%
From € 37,150 to € 73,031	36.93%
More than € 73,032	49.50%

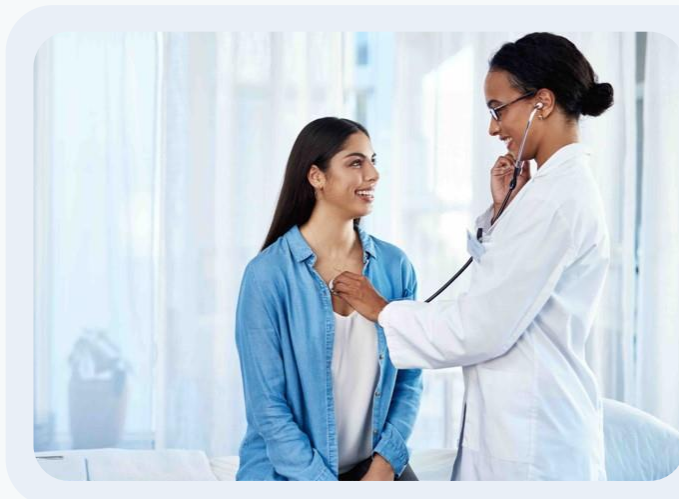
Standard Health Insurance

Everyone who lives or works in the Netherlands is legally obliged to take out standard health insurance to cover the cost of, for example, consulting a general practitioner, hospital treatment and prescription medication.

The government decides on the cover provided by the standard package. All insurers offer the same standard package. Healthcare insurers are obliged to accept anyone who applies for the standard insurance package and must charge all policyholders the same premium, regardless of their age or state of health.

1 | Social Security System

- The health insurance system in the Netherlands is based on the principle of social solidarity. Together, we all pay the overall cost of health care. Everyone contributes, for example, to the cost of maternity care and geriatric care.
- You may also opt to take out additional insurance to cover costs not included in the standard package.



Sick leave

When an employee is sick in the Netherlands, both the employee and the employer should cooperate in ensuring legal obligations are met, and that preparation is made for the employee's eventual return to work.

The employer should register the employee's sickness with the Employee Insurance Agency (in Dutch: UWV). The employee should receive notification of this and the amount they're entitled to within four days.

The amount of sick pay and from whom the employee will receive it, is dependent on the type of employment agreement the employee holds under Dutch employment law. Thus, sick pay can either be paid by the employer or the UWV.

Under Dutch employment law, an employee is entitled to sick pay for the first two years of illness which prevents them from working. This sick pay must be, at a minimum, 70% of the employee's current wages. However, if this 70% falls below the statutory minimum wage, then the sick pay entitlement will rise until this requirement is met. If an employee falls sick due to complications in their pregnancy, he (or she) will be entitled to 100% of his (or her) salary whilst on sick leave.

If the employee is still suffering an illness after these two years, the sick pay entitlement will cease. However, if the UWV holds the view that the employer has not acted per their obligations or providing sufficient assistance to the employee during their sickness period, then an extension to these two years may be imposed (in Dutch this is called: loonsanctie).

1 | Social Security System

Maternity and Paternity Leave

Female employees are entitled to a minimum of 16 weeks of paid maternity leave if the employee is pregnant and working for an employer. Keep in mind that 4 to 6 weeks of this leave must be taken in one go right before expected due date. After giving birth, the employee will be entitled to a minimum of 10 weeks' paid leave. The employee must take at least 6 of these 10 weeks right away after giving birth.

Please note: If the employees are going to have a multiple birth, the employees will be entitled to at least 20 weeks' maternity leave. The employees must take 8 to 10 weeks of this leave in one go right before expected due date.

The employee will be entitled to 100% of her full average daily income while on maternity leave. In most cases, the UWV will transfer the maternity pay directly to the employer. They will then continue paying the salary in the same way they always have.

Fathers are entitled to 1 week of leave (100% paid leave) within the first 4 weeks after the birth of his child. If your partner has just given birth, in addition to one week paternity leave, you can take additional paternity leave (70% of salary). You are entitled to a maximum of 5 weeks of leave (5 times the number of hours that you work per week). Additional paternity must be taken within 6 months of the birth of your child. You must first take 1 week of paternity leave. Only after this first week of leave can you start taking the additional paternity leave. You must request additional paternity leave 4 weeks in advance.



2 | General Labour Law



Minimum wage

Minimum wage in the Netherlands is adjusted twice yearly, once on 1 January and once on 1 July. Employees aged 21 and above are entitled to the same minimum wage, while employees aged 15 to 21 have a range of minimum wage to follow based on their age.

Current Monthly Minimum Wage as of 1 July 2023.

Age	Per month	Per week	Per day
21 year and older	€ 1.995,00	€ 460,40	€ 92,08
20 year	€ 1.596,00	€ 368,30	€ 73,66
19 year	€ 1.197,00	€ 276,25	€ 55,25
18 year	€ 997,50	€ 230,20	€ 46,04
17 year	€ 788,05	€ 181,85	€ 36,37
16 year	€ 688,30	€ 158,85	€ 31,77
15 year	€ 598,50	€ 138,10	€ 27,62

Working hours

The Working Hours Act regulates the working hours. The employer must track the working hours, and employees can request a change in the number of working hours. For zero-hour contracts, the employee can decide the number of hours they will be working

Type of hours/breaks	Duration
Working hours	Usually 40 hours weekly
Maximum working hours	12 hours per shift

Overtime

Overtime applies to hours worked beyond the maximum of daily 12 hours or 60 hours weekly.

There are no specific regulations on overtime compensation. Overtime compensation may depend on the applicable CBA or the employment contract.

2 | General Labour Law

Annual leave

Employees are entitled to statutory leave: a minimum of 4 times the number of hours they work per week. For example, if they work 40 hours a week, they will then be entitled to 4x40=160 hours of leave per year. The amount of statutory leave is calculated proportionally for employees that work part time.

The Netherlands has a number of official public holidays. There is no statutory obligation to give your employees leave on public holidays. Your sector's CAO or the employment contract determines if your employees can have a day off on public holidays.

The public holidays in the Netherlands are:

Date	Public Holiday
1 January	New Year's Day
7 April	Good Friday
9 April	Easter Sunday
10 April	Easter Monday
27 April	King's Day
5 May	Liberation Day
18 May	Ascension Day
28 May	White Sunday
29 May	White Monday
25 December	Christmas Day
26 December	Boxing Day

Employers and employees should also take note of the Netherlands' holiday allowance.

- Holiday allowance is compulsory for employers to pay and is an employee's legal right
- Holiday allowance is to be paid on top of the employees' salary
- The allowance is 8% of the employees' gross salary and is usually paid in May



2 | General Labour Law

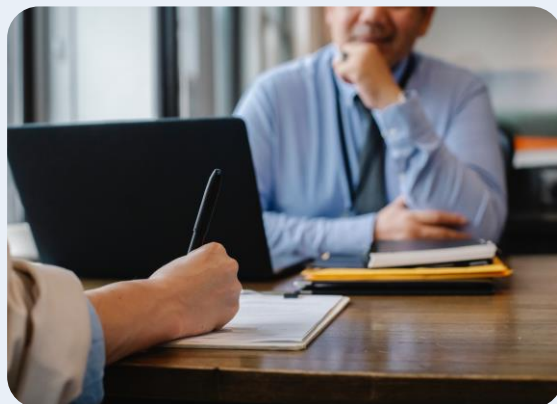
Employment contracts

Depending on the business sector, a CBA may apply. The employment contract should follow the applicable CBA and legislations and not deviate unless the condition given by the employer is beneficial for the employee.

Contracts can be agreed upon either verbally or in writing, but it is recommended to be in written format

Type of Employment	Specifications
Fixed-term employment	The maximum number of years an employee can work is 3 years
Indefinite employment	-
Probation	Probation has a maximum period of 2 months

3 | Terminations



We strongly advise our clients to immediately inform their BIPO operations contact of any conflict or event that may eventually lead to the need to terminate or dismiss a candidate, so that a joint strategy can be developed to achieve this with the least possible detriment to the parties.

3 | Terminations

Type of Dismissal	Reason	Notice
Dismiss with Cause	<ul style="list-style-type: none">Economic reasons.Disability of the employee for more than 2 years.Low performance of the employee.Gross misconduct of the employee.	<ul style="list-style-type: none">Notice period depends on the length of the contract.Less than 5 years, the statutory notice period is 1 month.5 to 10 years, the notice period is 2 months.No notice period if the employee is under probation.The employment contract or CBA may establish a different notice period, but mindful of the minimum set by law.
Dismiss without Cause	<ul style="list-style-type: none">Employee has reached legal retirement age.During trial period.End of temporary contract.	
Not Allowed to Dismiss	<ul style="list-style-type: none">During sickness or with the ability to work.During pregnancy, parental or care leave.During candidature or membership in a worker's participation body.Due to discriminatory reasons.Due to employees' refusal to work on Sundays.	

3 | Terminations

Employer and Employees' Dismissal Agreeability	Next Step
Employer and employee mutually agree on dismissal decision and term.	<ul style="list-style-type: none">• No need for specific approval from the Employee Insurance Agency.• Transition payment is not required.• Severance is optional in this case.
Employee disagrees on dismissal decision	<ul style="list-style-type: none">• Employer need to receive specific approval from the Employee Insurance Agency.
Employer decides to end the employment and employee agrees	<ul style="list-style-type: none">• No need for specific approval from the Employee Insurance Agency.• Transition payment is required.• Minimum amount of transition payment is 1/3 of the gross monthly payment per each seniority year.



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FOR MORE INFORMATION

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