

BIPO TIMES



Understanding the Netherlands' Labour Law & Employment Regulations

the Netherlands

the Netherlands is the 5th largest economy in the European Union and the 17th largest economy in the world in terms of Gross Domestic Product (GDP). In 2021, the country's GDP amounted to 945 billion US dollars.

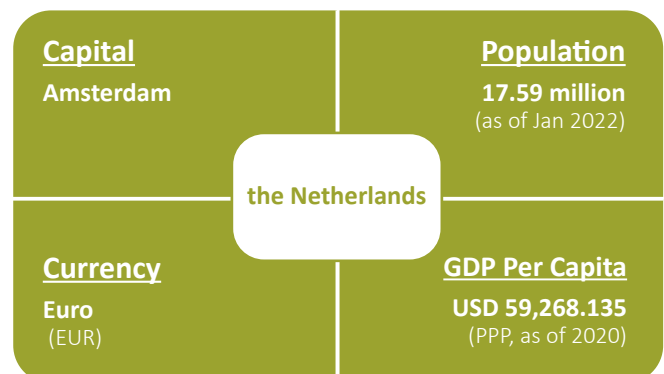
The country has an economic freedom score of 79.5, making it the eighth economically freest country globally, indicating the ease of doing business in the Netherlands.

Overview

1. Hiring in the Netherlands

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

2. Employment Law in the Netherlands

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.

3. Employment Contract

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

4. 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 January 2022

Age	Amount
21 and older	1,725 EUR
20	1,380 EUR
19	1,035 EUR
18	862.50 EUR
17	681.40 EUR
16	595.15 EUR
15	517.50 EUR

5. 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

Type of hours/breaks	Duration
Minimum rest	11 hours between working days
Lunch Break	1-hour unpaid lunch break
Rest break	15 minutes of rest for more than 5.5 hours of continuous work

6. 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.

7. Types of Leave



a. Paid and Unpaid Time Off

Aside from the leave listed in the table, employees are also entitled to short-term care leave, long-term care leave, emergency leave, unpaid leave, and other leave in the CBA or employment contract.

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

Type of Leave	Length of Leave
Annual Leave	<ul style="list-style-type: none"> • 4 times the number of hours worked • Unused leave cannot be compensated in cash • CBA may give additional annual leave
Sick Leave	<ul style="list-style-type: none"> • Maximum duration of continued payment is 2 years • Employer to pay a minimum of 70% of the agreed salary and allowances
Maternity Leave	<ul style="list-style-type: none"> • At least 16 weeks of 100% paid leave • Leave can start 4 – 6 weeks before the child is born
Partner/Paternity Leave	1 week of 100% paid leave
Extended Partner/Paternity Leave	5 weeks of unpaid leave
Adoption Leave	6 weeks of 100% paid leave for each parent

b. National Bank Holidays in 2022

There is no statutory obligation to give employees the day off during bank holidays. However, CBAs and employment contracts may have established a different arrangement.

- Liberation Day is celebrated yearly but is only a bank holiday every five years - the next time it is a bank holiday is in 2025.

Date	Public Holiday
1 January	New Year's Day
15 April	Good Friday
17 April	Easter Sunday
18 April	Easter Monday
27 April	King's Day
5 May	Liberation Day
26 May	Ascension Day
5 June	Whit Sunday
6 June	Whit Monday
25 December	Christmas Day
26 December	Boxing Day

8. Statutory Contributions

Employee Insurance Scheme

Protects employees during unemployment, illness, and when incapable of working

- Compulsory for all employees
- Employers to pay to the Tax and Customs Administration on behalf of their employees every month. Employers are not allowed to deduct these contributions from employees' pay.
- The percentages are set twice a year by the government, once on 1 January and once on 1 July

National Insurance Scheme

- Compulsory for everyone who work and live in the Netherlands permanently
- Employers to pay to the Tax and Customs Administration on behalf of their employees every month, contributions are deducted from employees' wages
- The contributions percentages are set yearly. It depends on the rate and the age of the employee

*CBA/s may establish additional contributions depending on the sector of activity

9. Termination and Severance

Type of Dismissal	Reason	Notice Period
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 	<p>Notice period depends on the length of the contract</p> <ul style="list-style-type: none"> • 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 <p>The employment contract or CBA may establish a different notice period, but mindful of the minimum set by law.</p>
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/membership in a worker's participation body • Due to discriminatory reasons • Due to employees' refusal to work on Sundays 	

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

Article contributed by

Corina Pitiliga, HR Service Delivery Manager (Spain)

Michael Shelley, Head of Sales (EMEA)

Around the World with BIPO

Singapore – 14 February

Our webinar series continues with Pakistan's Labour Law and Employment Regulations. Muhammad Tayyab Dilshad, HR Service Delivery Manager Pakistan, brought his perspectives and expertise to the hour-long webinar with live Q&A session.



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✉ hello@biposervice.com

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