

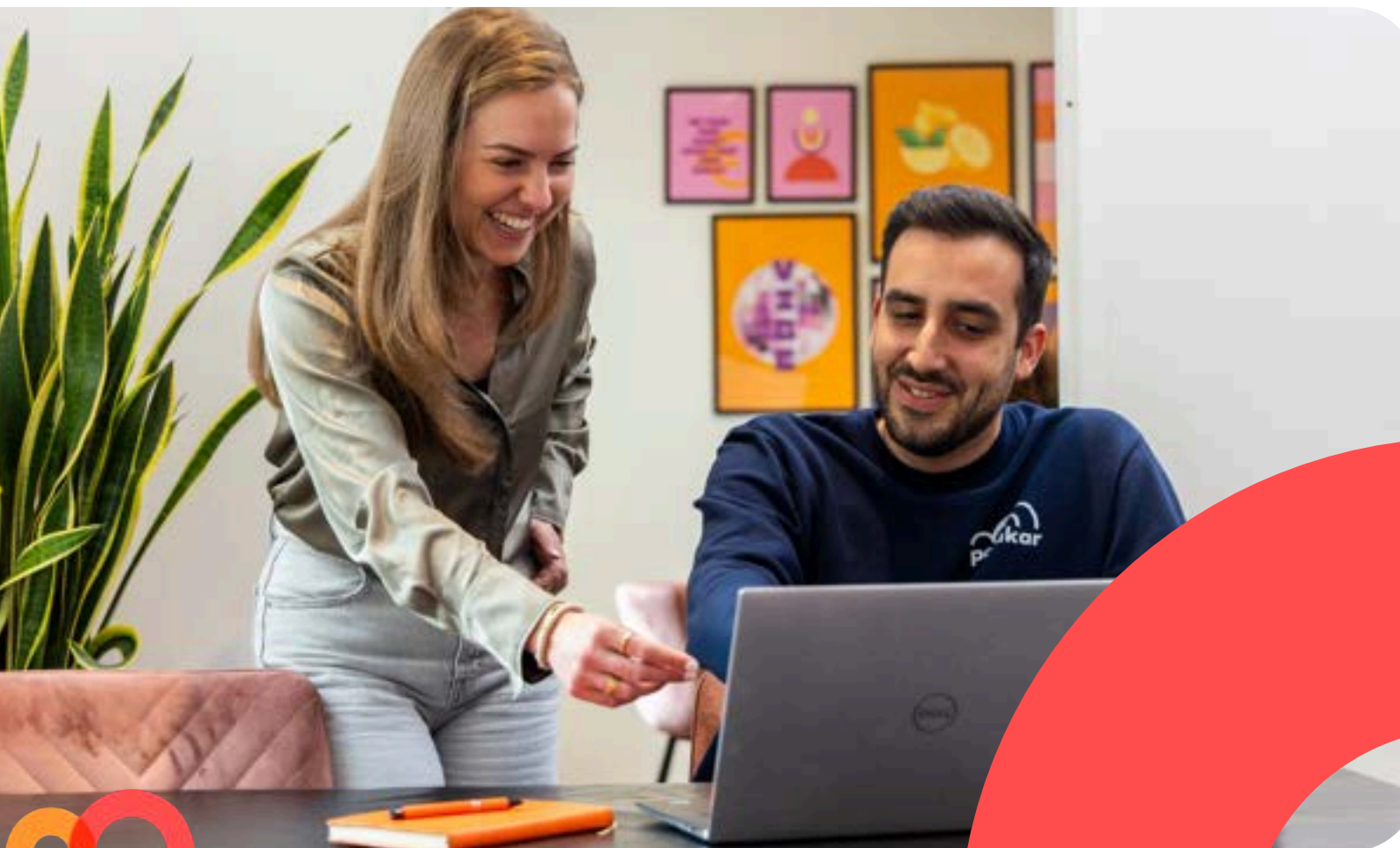
LET'S GET STARTED GUIDE

The Netherlands



Table of Contents

Introduction	Page		Page
1. Employment law & Contract	04	10. Data Protection & GDPR	09
2. Collective Labour Agreement (CLA)	05	11. Working with Contractors (ZZP'ers)	09
3. Insurances	06	12. Works Council (Ondernemingsraad, OR)	09
4. Registration and Payroll Administration	07	13. Work Permits & Immigration	09
5. Termination	07	14. 30% ruling for expats	09
6. Employee Handbook & Company Policies	08	15. Competitive Employment Package	10
7. Vacation & Holiday Allowance	08	16. Confidential Advisor	10
8. Occupational Health & Absence Management	08	17. Recruitment	10
9. Risk Inventory & Evaluation (RI&E)	08	18. Diversity, Inclusion & Equity	11



INTRODUCTION

BACKGROUND OF THIS DOCUMENT

Managing HR services in the Netherlands requires a solid understanding of local employment laws and employee rights. This guide helps you navigate the key HR processes and highlights the most important topics to consider when hiring in the Netherlands.

Think of it as a **practical checklist** to ensure you meet all essential legal and HR requirements, while laying the groundwork for a fair, attractive, and well-structured workplace.

At Parakar, we're here to support you every step of the way. If you have questions or need tailored advice, don't hesitate to reach out to our HR experts, Kayleigh and Kim. They'll help you navigate Dutch employment regulations and set up a smooth, compliant operation tailored to your business needs.



Kayleigh Pluk
kayleigh@parakar.eu



Kim Maas
kim.maas@parakar.eu

THE INFORMATION IN THIS DOCUMENT IS SUBJECT TO CHANGE. PARAKAR GROUP ASSUMES NO RESPONSIBILITY FOR ANY ERRORS THAT MAY APPEAR IN THIS DOCUMENT.



1. EMPLOYMENT LAW & CONTRACTS

In the Netherlands, employment contracts must follow specific legal guidelines, including the choice between fixed-term and permanent contracts. Key terms like salary, working hours, and notice/probation period must be clearly outlined to ensure legal compliance and employee protection.

DRAFTING EMPLOYMENT CONTRACTS UNDER DUTCH LAW

Decide on one of the two primary types of contracts

1. **Fixed-Term Contracts** (Tijdelijk contract): These are contracts set for a specific duration, usually for a project or a defined period. A probation period may apply.
2. **Permanent Contracts** (Onbepaalde tijd contract): These contracts do not have an end date and are typically offered after a probationary period.

Key elements to include in the employment contract under Dutch law are:

- **Job Title and Description:** Clearly outline the employee's role, responsibilities, and location of work.
- **Start Date:** Indicate the start date of employment.
- **Duration of Contract:** If it's a fixed-term contract, mention the end date. For indefinite contracts, this is not applicable.
- **Salary and Benefits:** Outline the employee's wage and include any bonuses, commissions, or other benefits.

KEY EMPLOYMENT TERMS AND CONDITIONS IN THE NETHERLANDS

- **Minimum wage:** Under Dutch law, the minimum wage is set by the government and varies by age. Employers must pay at least the minimum wage unless a higher salary is agreed upon, which should be stated in the contract.
- **Working hours:** The standard full-time workweek is 40 hours. Part-time hours should also be clearly specified in the contract (e.g., 32 hours per week).

- **Probation period:** These periods depend on the contract's duration. For fixed-term contracts under 6 months, no probation is allowed. For contracts under 2 years it can be 1 month maximum, and for contracts of 2+ years or indefinite contracts it is a maximum of 2 months.
- **Notice period:** defined by law and dependent on tenure.

LEAVE

When drafting employment contracts in the Netherlands, it's important to clearly state sick leave entitlements. Other types of leave are best included in the employee handbook. Dutch labour law provides various statutory leave options—some mandatory, others based on personal circumstances. Each type should be assessed individually to ensure compliance:

- **Sick leave:** During the first two years of sickness, the employee is entitled to at least 70% of their gross monthly salary. The employer may choose to supplement this amount, for example by paying 100% during the first year.
- **Annual leave:** Employees are entitled to at least four times the weekly working hours of paid vacation per year. However, common practice is to provide at least 5 times the weekly working hours.
- **Maternity leave:** Employees are entitled to 16 weeks of paid maternity leave, which can be taken partly before and partly after giving birth. During this time, they receive at least 100% of their salary, depending on eligibility.
- **Partner leave:** Partners are entitled to one time the weekly number of working hours paid partner leave (100%), to be taken within 4 weeks of the child's birth.
- **Additional partner leave:** In addition to partner leave, the partner may take up to five weeks of additional leave (equivalent to five times their weekly working hours), to be taken within 6 months of the child's birth. During this leave, the partner receives 70% of their daily wage (and a maximum of 70% of the maximum statutory daily wage).
- **Parental leave:** Employees are entitled to 26 times their weekly working hours of parental leave per child, until the child turns 8. Nine of these weeks are partially paid (70%) if taken within the first year of your child's life. The remaining weeks are unpaid.

Additionally, Dutch law offers various context-dependent leave types, often depended on personal circumstances and CLA provisions. Contact our Parakar experts for tailored advice.

2. COLLECTIVE LABOUR AGREEMENTS (CLA'S)

- Check if your business falls under a sector-specific CLA (Collectieve Arbeidsovereenkomst).
- A CLA may set mandatory rules for wages, working hours, holidays, notice periods, and other employment conditions, often exceeding minimum legal standards.
- Compliance is required if a CLA is declared generally binding for your sector.

3. INSURANCES

Employers in the Netherlands are legally required to arrange certain insurance coverages for their employees, while others are optional but strongly recommended to manage financial risk and support employee well-being. Here's a breakdown of the key insurance types every employer should be aware of:

MANDATORY INSURANCES (VIA PAYROLL TAXES)

These are automatically covered through employer contributions to the Dutch Tax Authorities:

- **WW (Unemployment Insurance Act):** Covers benefits for employees who become unemployed.
- **WIA (Work and Income According to Labour Capacity Act):** Covers long-term disability if an employee becomes partially or fully unable to work.
- **ZW (Sickness Benefits Act):** Primarily applies to temporary or flexible workers who don't fall under the employer's continued pay obligation.

These contributions are deducted and paid through payroll and are non-negotiable under Dutch employment law.

OPTIONAL BUT RECOMMENDED INSURANCES

- **Sickness Absence Insurance:** Employers are required to pay at least 70% of an employee's wage for up to two years during sickness. This insurance helps reduce the financial burden on the employer.
- **WGA Shortfall Insurance:** Offers additional income to employees who are partially disabled under the WIA but can still work part-time. It's a valuable benefit and risk management tool.
- **Company Liability Insurance (AVB):** Covers damages caused by employees to third parties during work activities. While optional, this is essential for risk protection, especially in operational roles.
- **WIA Excedent Insurance:** Offers additional coverage for employees earning above the WIA maximum insured salary (€71,628 in 2025). If such employees become partially or fully disabled, this insurance provides supplementary income beyond the standard WIA benefits.

PENSION SCHEME (SECTOR-DEPENDENT)

In sectors with collective pension schemes regulated by a collective labor agreement (CLA) – such as construction, healthcare, or retail – participation is mandatory. In other sectors, it is voluntary, but offering a pension scheme is strongly encouraged to remain competitive and support employee retention. Moreover, employees can choose to supplement it individually.

Insurance obligations vary by industry and other factors, so always assess requirements on a case-by-case basis.

4. REGISTRATION AND PAYROLL ADMINISTRATION

To legally employ staff in the Netherlands, you must complete a few essential steps to set up payroll correctly:

Step 1: Register Your Business

- Chamber of Commerce (KvK): Register your company to receive a KvK number, required for all formal business activities.

Step 2: Register for Payroll Taxes

- Dutch Tax Authorities: Apply for a payroll tax number to handle wage tax, national insurance, and employee insurance contributions.

Step 3: Set Up Payroll

- Partner with a Dutch payroll provider like Parakar to comply with Dutch law or use payroll software that complies with Dutch law.
- Ensure accurate processing of gross salary, tax deductions, pension contributions, and applicable benefits. Stay informed about wage tax updates and minimum wage adjustments

Step 4: Salary Payout

- Salaries must be transferred to employees each month, typically before the end of the month. Timely and accurate payment is essential to remain compliant and maintain trust.

Step 5: Monthly Administration

- Monthly Payroll Reporting: Submit required declarations to the tax authorities.
- Pay slips: Provide employees with monthly pay slips showing salary breakdown, deductions, and contributions.

5. TERMINATION

There are different ways to end an employment contract, depending on the circumstances:

1. Termination via the Employee Insurance Agency (UWV)

- For business-related reasons (e.g., economic necessity or restructuring), or long-term sickness/incapability to work (> 24 months), employers must apply for permission from the UWV.
- If the application is approved, the employee can be dismissed.

2. Termination via Court

- For personal reasons (e.g., misconduct or performance issues), the employer can request dismissal via the subdistrict court.
- The court will assess whether the dismissal is justified. Please note that the employer is required to have documented a thorough case and provide sufficient justification for the employee's dismissal.

3. Termination via Mutual Agreement (MTA)

- The employer and employee can mutually agree to end the employment contract, typically via a settlement agreement.
- The terms of this agreement must comply with Dutch law.

Key Considerations

- Familiarize yourself with Dutch dismissal laws, as rules can be complex and case-specific.
- Notice periods, severance pay, and any legal grounds for dismissal must be handled correctly to avoid legal challenges.



6. EMPLOYEE HANDBOOK & COMPANY POLICIES

For companies with more than 10 employees, it's recommended to create an employee handbook to ensure clarity and consistency in the workplace. Include essential policies such as:

- Sick Leave Policy
- Expenses Policy
- Remote Work Policy
- Whistleblower Policy
- Code of Conduct

These policies help manage expectations, foster fairness, and ensure compliance with Dutch labor law, contributing to a more transparent and supportive workplace.

7. VACATION & HOLIDAY ALLOWANCE

In the Netherlands:

- Employees are entitled to at least 20 statutory vacation days per year (based on full-time work). If unused, they are forfeited 6 months after the end of the calendar year in which they were accrued.
- Employers may offer non-statutory (extra) days, often outlined in contracts or a Collective Labour Agreement (CLA). Common practice is to offer at least 5 weeks.
- Additionally, a holiday allowance (Vakantiegeld) of 8% of the gross annual salary must be paid separately, typically paid out in May or June.

Be sure to track accruals and expiration of vacation days accurately.

8. OCCUPATIONAL HEALTH & ABSENCE MANAGEMENT

Dutch law requires employers to:

- Engage an occupational health service or company doctor to manage sick leave and promote employee well-being.
- Comply with the Gatekeeper Act (Wet Verbetering Poortwachter), which outlines steps to support reintegration during long-term sickness.
- Continue paying at least 70% of the employee's salary for up to two years of illness.

Proper absence management is both a legal obligation and a key part of employee care.

9. RISK INVENTORY & EVALUATION (RI&E)

All Dutch employers are legally required to conduct a Risk Inventory & Evaluation (RI&E). This document identifies workplace risks and outlines an action plan to improve health and safety. Regular updates and employee involvement are essential.

10. DATA PROTECTION & GDPR

Employers must comply with the General Data Protection Regulation (GDPR), known as AVG in Dutch. This includes:

- Collecting only necessary employee data
- Storing it securely
- Providing access and deletion rights upon request

11. WORKING WITH CONTRACTORS (ZZP'ERS)

When working with freelancers in the Netherlands, ensure compliance with the DBA Act to avoid false self-employment.

- Clearly define the working relationship in writing, emphasizing the freelancer's independence (e.g., own tools, flexible hours, multiple clients). However, ensure that your actions in practice align with what is outlined on paper, as it pertains to the actual situation.
- Use a model agreement approved by the Dutch Tax Authorities (Belastingdienst).
- Avoid treating freelancers like employees—don't give direct orders or fully integrate them into your team.

Misclassification can lead to fines, back taxes, and legal issues, so review each case carefully.

12. WORKS COUNCIL (ONDERNEMINGSRAAD, OR)

If your company has 50 or more employees, you're required to set up a Works Council. This body represents employees and has legal rights to be consulted on key company decisions.

13. WORK PERMITS & IMMIGRATION

Hiring talent from outside the EU/EEA requires proper immigration steps:

- Apply for recognized sponsorship with the IND. You can do this yourself or authorize a third party, such as Parakar, to arrange it for you.
- Apply for work permits or residence visas
- Ensure timely and compliant applications

14. 30% RULING FOR EXPATS

Eligible expats can receive 30% of their gross salary tax-free under the Dutch 30% ruling. It's a valuable benefit to attract international talent. Check the latest eligibility criteria (This is based, among other things, on a salary threshold, recruitment from outside the Netherlands, and/or relevant diplomas) and apply promptly through the tax authorities.



15. Competitive Employment Package

Offer a benefits package that aligns with market standards and your target demographic to attract and retain talent.

- Include learning and development opportunities, especially if required by a Collective Labour Agreement (CLA).
- Prioritize work-life balance by offering flexible hours, mental health support, or extras like a gym membership.

By crafting a benefits package that reflects the values and preferences of your workforce, you create an environment that fosters employee well-being, encourages professional growth, and builds a strong and loyal team.

16. Confidential Advisor (Vertrouwenspersoon)

Consider appointing an internal or external confidential advisor, who acts as a neutral party who provides confidential, impartial advice to help employees navigate challenges while maintaining privacy and confidentiality. Key roles to assign are:

- Support for employees
- Conflict resolution
- Guidance on reporting misconduct

While this is a recommendation for now, it may become a legal requirement for companies with 10+ employees.

17. Recruitment

To ensure a fair and compliant recruitment process in the Netherlands:

- **Follow Anti-Discrimination Laws:** Adhere to the Equal Treatment Act, which prohibits discrimination based on gender, age, ethnicity, disability, or other personal characteristics. This ensures equal opportunities for all candidates.
- **Use Objective Criteria and Structured Interviews:** Evaluate candidates based on clear, job-related criteria, using standardized interview questions to reduce bias and ensure consistency.
- **Advertise Vacancies on Relevant Platforms:** Post job openings on platforms like Werk.nl and LinkedIn, ensuring inclusive language in job descriptions to reach a diverse talent pool.
- **Prepare for Pay Transparency Legislation:** It is expected that, as of 2026, larger companies (250+ employees) may be required to report on the gender pay gap. So, start tracking pay data now to ensure fair compensation practices.

Following these best practices helps attract top talent, ensures compliance, and fosters an inclusive and equitable hiring process.





18. DIVERSITY, INCLUSION & EQUITY

Fostering a diverse and inclusive workplace is essential for employee well-being, innovation, and long-term success. While not legally mandatory for all companies, prioritizing diversity, inclusion, and equity is essential to building a fair and resilient workplace. It's a key element of responsible HR management and increasingly expected by employees and stakeholders alike.

- **Prevent Discrimination:** Implement policies that prevent bias based on gender, age, ethnicity, disability, or other characteristics—both in hiring and daily operations.
- **Inclusive Hiring:** Use unbiased language, structured interviews, and ensure equal opportunities throughout the recruitment process.
- **Flexible Work Options:** Offer remote work, flexible hours, or job-sharing to support diverse employee needs and improve work-life balance.
- **Bias Awareness:** Provide unconscious bias training to promote fair decision-making and inclusive leadership.

These steps help create a fair, welcoming environment that reflects your company's values and social responsibility.



DISCLAIMER

This document is for informational purposes only and should not be used as solid legal advice. We advise that with respect to any issue or problem the advice of a knowledgeable attorney is taken. Parakar can facilitate such consultation at a cost. The opinions expressed in or through this document are the opinions of the individual author and may not reflect the opinions of the firm or any individual attorney.

**You're welcome,
we're Parakar!**

Reach out to us!

kayleigh@parakar.eu
kim.maas@parakar.eu

PARAKAR NETHERLANDS

**Sophiastraat 42
4811 EM Breda
+31 85 2010 004**

WWW.PARAKAR.EU

