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The Netherlands' Labour Law & Employment Regulations

Overview

The Netherlands is a key centre within the global business network, as validated by its position as the 2nd most connected economy in the world ([DHL, 2024](#)). Its core distribution points include the Port of Rotterdam, Europe's largest port, and Amsterdam Schiphol Airport, the 3rd largest cargo airport in Europe.

GDP grew by 0.6% in 2024, and is projected to rise to 1.6% in 2025 and 2026, driven by improving global trade ([OECD, 2024](#)). Private consumption is expected to strengthen, supported by a boost in real income as wages catch up to past peak inflation. This indicator suggests a positive trajectory for the Dutch economy, and ease of doing business in the Netherlands.

In this issue, we explore the Netherlands' employment landscape in order to navigate your business in the Netherlands.

Basic Country Facts



Capital
Amsterdam



Population
17.92 million
IMF



Currency
Euro (EUR, €)



GDP per Capita
USD 67,980 (as of 2024)
IMF

Labour Law & Employment Regulations

Hiring in the Netherlands

An enterprise can hire staff through three basic options:

| Hiring Method | Specifications |
|--------------------------|--|
| Direct Hiring | <ul style="list-style-type: none">• Need to set up a company. |
| BIPO Employment Services | <ul style="list-style-type: none">• Hires workers from BIPO.• BIPO is the de facto legal entity that is responsible for the administrative management of the employees.• Save hiring costs, avoid administrative processes, and minimise risks and legal responsibilities for potential labour disputes. |
| Outsourcing | <ul style="list-style-type: none">• Applied to tasks that require specialist skills, a high degree of confidentiality, such as IT development, accounting, tax filing, HR administration, and payroll processing.• No direct employment relationship with the outsourcing employees. |

Compared to direct hiring, **employment services** are particularly preferred.

- A company is **not allowed to hire employees directly**, because the business has not got its business license.
- Business priority is given to **revenue-generating activities** over any other concerns, especially when the business is small-size and is at its very early stage.
- There is an inconsistent workflow for businesses in seasonal and project-based industries.

Outsourcing has its special characteristics:

- The outsourcing task usually require a high level of **specialisation, confidentiality, or defined scope**.
- The outsourcing agreement usually **does not refer to specific employees or performance criteria**, but rather defines the work that needs to be done.
- The outsourcing company usually retains a **high-level of autonomy** to direct whichever resources it feels are best for each project.

Employment Law in the Netherlands

Employment relations in the Netherlands are heavily regulated by trade unions and **collective bargaining agreements (CBAs)**, also locally known as **collective labour agreement (Collectieve Arbeidsovereenkomst, CAO)**, which was formally established in 1927.

CBAs, or otherwise CAOs, are collective agreements between employers (or employers' organisations) and employees (trade unions) about, e.g. wages, working hours, notice periods, or pensions. These are the collective terms of employment.

There are 2 types of collective agreements:

1. **Sectoral collective agreements** (collective agreements within a sector)
2. **Company collective agreements** (collective agreements only within a company)

Like other European countries, the Netherlands' employment law is considered to be employee protective.

Employment Contract

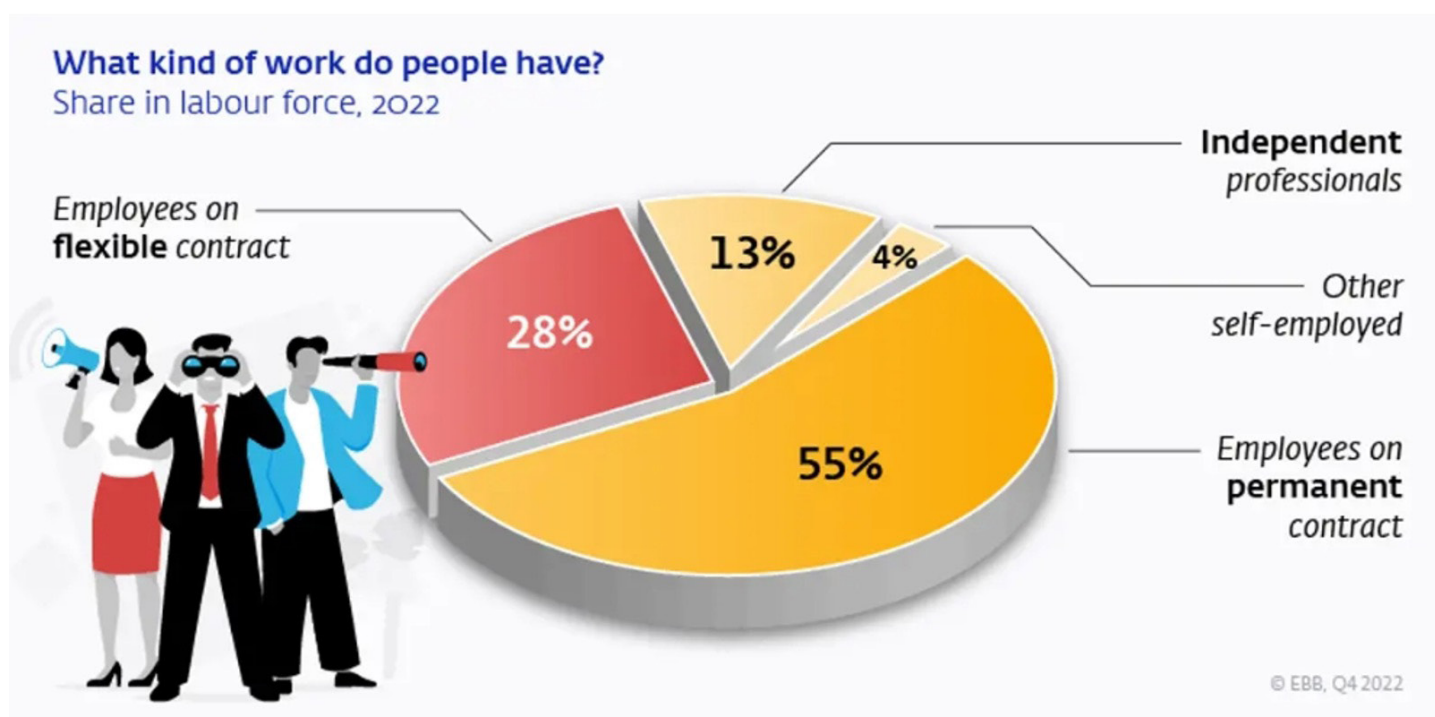
An **employment contract** (*arbeidscontract*) is an agreement between an employee and an employer, containing the **conditions of employment** (*arbeidsvoorwaarden*).

Depending on the business sector, a CBA may apply. The employment contract should indicate which CBA is applicable (if any), and not deviate from a standard CBA unless it benefits the employee.

Contracts can be agreed upon in writing or verbally, but it is highly recommended to be in written format to avoid disputes.

| Type of Employment | Specifications |
|--|---|
| Permanent Contract | <ul style="list-style-type: none">• Need to set up a company. |
| Fixed-term Contract (also known as Temporary contract, or Flexible contract) | <ul style="list-style-type: none">• Fixed-term contracts cannot be extended indefinitely.• An employee must receive a permanent contract after 3 consecutive temporary contracts or after 3 years of temporary contracts.• An employee can work for a maximum of 3 years under a fixed-term contract before automatically converting to a permanent contract. |
| Independent Professionals (also known as Contractors) | <ul style="list-style-type: none">• Self-employed individuals who work on a project or service basis.• There is no employer-employee relationship. |
| Zero-Hours Contract | <ul style="list-style-type: none">• Zero-hour contract is a flexible arrangement where no fixed working hours are guaranteed.• It is commonly used in industries such as F&B and logistics, where employees are called in by the company when needed. |

Here's a brief overview of the labour force in the Netherlands:



Working Hours

The Working Hours Act (*Arbeidstijdenwet*) determines how many hours an employee is allowed to work. The employer must track the working hours, and employees can request a change in the number of working hours. The Act does not apply to self-employed professionals such as independent contractors.

| Type of Hours/Breaks | Specifications |
|----------------------|--|
| Working Hours | <ul style="list-style-type: none">Employees aged 18 and over can work a maximum of 12 hours per day and 60 hours per week. However, this is not allowed every week.On average, an employee may work for a duration of:<ul style="list-style-type: none">48 hours a week over a 16-week period, or55 hours per week over a 4-week period. |
| Rest | <ul style="list-style-type: none">Employees are entitled to rest periods of 11 consecutive hours after a working day.Employees must have a weekly rest of 36 consecutive hours. |
| Break | <ul style="list-style-type: none">If an employee works for more than 5.5 hours, they are entitled to a 30-minute break. This may be split into two 15-minute break.If an employee works for more than 10 hours, they are entitled to a 45-minute break. This may be split into several breaks, each of which must be at least 15 minutes.If a CBA applies to the contract, other agreements may be made about breaks. But the employee is still entitled to a 15-minute break after 5.5 hours of work. |

Overtime

Overtime hours count towards the statutory maximum hours your employee can work for you. That is 12 hours per day or 60 hours per week. The Act does not state how much extra pay your employee must receive for overtime.

You can make your own arrangements for this in your terms of employment, or there might be overtime agreements in your CBA.

Minimum Wage

As of 1st January 2024, employers are required by law to pay employees at least the hourly minimum wage. The hourly minimum wage is the same for all employees aged 21 years and older, while the hourly minimum wage for employees under 21 depends on their age.

Here's an overview of the minimum wage amounts (before tax) as of 1st January 2025:

| Age | Hourly Minimum Wage |
|---------------------------|---------------------|
| 21 years and older | € 14.06 |
| 20 years | € 11.25 |
| 19 years | € 8.44 |
| 18 years | € 7.03 |

| Age | Hourly Minimum Wage |
|-----------------|---------------------|
| 17 years | € 5.55 |
| 16 years | € 4.85 |
| 15 years | € 4.22 |

Types of Leave

A. Statutory Leave

Employees are entitled to take statutory leave, such as holidays or parental leave (as listed in the table below), as well as short-term care leave and long-term care leave. Statutory leave is regulated by the Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen*, UWV). Other types of leave, called special (*bijzonder*) leave, are specified in the CBA or employment contract and are regulated by your employer.

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

- Employees has a legal right to holiday allowance on top of their wage. Employees with a zero-hour contract have the legal right to holiday allowance as well.
- The holiday allowance must be at least **8% of the employee's annual gross salary**.

| Type of Leave | Duration | Specifications |
|---------------------------------------|---|--|
| Annual Leave | 4 weeks | <ul style="list-style-type: none">• Employees are entitled to a minimum of 4 weeks paid annual leave, this is based on a calculation of 4 times the number of hours they work per week. |
| Sick Leave | N/A | <ul style="list-style-type: none">• Employees are entitled to at least 70% of their last earned wages for up to 2 years or end of fixed-term contract. |
| Pregnancy Leave | 4-6 weeks* (in case of twins or multiple births 8-10 weeks) | <ul style="list-style-type: none">• 100% paid** pregnancy leave to be taken 4-6 weeks before the child is born.• In case of twins or multiple births, pregnancy leave can start 8-10 weeks before the due date. |
| Maternity Leave | 10-12 weeks* (with child hospitalisation up to 10 weeks extra) | <ul style="list-style-type: none">• 100% paid** maternity leave to be taken minimum of 6 weeks after childbirth.• In case of prolonged hospitalisation of the child, the employee may be entitled to additional maternity leave, also called incubator (<i>couveuseverlof</i>) leave. |
| Emergency Leave | N/A | <ul style="list-style-type: none">• Partner of the birth mother is allowed to take 100% paid emergency leave on the day of childbirth. |
| Paternity/Partner Leave | 6 weeks | <ul style="list-style-type: none">• 100% paid** leave for first week, 70% paid** for additional 5 weeks. |
| Adoption and Foster Care Leave | 6 weeks | <ul style="list-style-type: none">• 100% paid** leave to be taken from 6 weeks before the arrival of the child and up to 22 weeks after the arrival of the child. |
| Parental Leave | 26 weeks per child | <ul style="list-style-type: none">• 70% paid** parental leave for 9 weeks (if taken within 1 year of birth), remaining weeks unpaid. |

* A birth mother is entitled to a total of 16 weeks of pregnancy leave and maternity leave.

Any pregnancy leave not taken is added to the maternity leave.

** Of the daily wage (how much you earn per working day). Up to the maximum daily wage.

B. Public Holidays

There is no statutory law that says employees must be given a day off work on certain public holidays. However, your CBA or employment contract may have established a different arrangement.

| Public Holiday | Date |
|---|--|
| New Year's Day (<i>Nieuwjaarsdag</i>) | 1 st January 2025, Wednesday |
| Good Friday (<i>Goede vrijdag</i>) | 18 th April 2025, Friday |
| Easter Sunday and Easter Monday (<i>Eerste en tweede paasdag</i>) | 20 th April 2025, Sunday and 21 st April 2025, Monday |
| King's Day (<i>Koningsdag</i>) | 26 th April 2025, Saturday (In 2025, King's Day will be celebrated a day earlier on 26 th April, because 27 th April falls on a Sunday.) |
| Liberation Day (<i>Bevrijdingsdag</i>) | 5 th May 2025, Monday |
| Ascension Day (<i>Hemelvaartsdag</i>) | 29 th May 2025, Thursday |
| Whit Sunday and Whit Monday (<i>Eerste en tweede pinksterdag</i>) | 8 th June 2025, Sunday and 9 th June 2025, Monday |
| Christmas Day and Boxing Day (<i>Eerste en tweede kerstdag</i>) | 25 th December 2025, Thursday and 26 th December 2025, Friday |

Statutory Contributions

Social insurance schemes provide a temporary income during, for instance, unemployment, old age, illness, or incapacity for work. There are 2 types of social insurance schemes in the Netherlands:

- **Employee insurance schemes** that are mandatory for every employee.
- **National insurance schemes** that are compulsory for everyone who works or lives permanently in the Netherlands.

Note that when you are covered in the Netherlands, you will no longer be covered by your own country's social security system.

| Type of Scheme | Specifications |
|----------------------------|---|
| Employee Insurance Schemes | <ul style="list-style-type: none">• The employee insurance scheme insures employees during unemployment, illness, or incapacity for work. This way employees have a temporary income if they are unable to work.• The following schemes are compulsory for every employee:<ul style="list-style-type: none">○ Unemployment Insurance Act (<i>Werkloosheidswet, WW</i>)○ Work and Income (Capacity for Work) Act (<i>Wet werk en inkomen naar arbeidsvermogen, WIA</i>)○ Sickness Benefits Act (<i>Ziektewet, ZW</i>)○ Invalidity Insurance Act (<i>Wet op de arbeidsongeschiktheidsverzekering, WAO</i>): only for employees who already received WAO before 1st January 2006.• Employers pay contributions on behalf of their employees to the Netherlands Tax Administration (<i>Belastingdienst</i>). Employers are not allowed to deduct these contributions from the employee's wages.• The employee insurance contribution percentages are set twice every year (1st January and 1st July) by the Ministry of Social Affairs and Employment. |

| Type of Scheme | Specifications |
|-----------------------------------|--|
| National Insurance Schemes | <ul style="list-style-type: none"> National insurances are compulsory for everyone who works or lives permanently in the Netherlands. The schemes are as follows: <ul style="list-style-type: none"> National Survivor Benefits Act (<i>Algemene nabestaandenwet, Anw</i>) General Old Age Pensions Act (<i>Algemene Ouderdomswet, AOW</i>) Long-term Care Act (<i>Wet langdurige zorg, Wlz</i>) General Child Benefit Act (<i>Algemene Kinderbijslagwet, AKW</i>). You do not have to pay any contributions under the General Child Benefit Act. Employers are to withhold these contributions from the employee's wages and pay these to the Netherlands Tax Administration. The national insurance contributions are set every year. It depends on the rates and the age of the employee. |

Termination and Severance

In the Netherlands, you must have a valid reason for dismissing employees. Valid reasons are for example refusal to perform work, culpable conduct, excessive sickness absence, reorganisation, or company closure.

| Type of Dismissal | Reason | Specifications |
|---|---|--|
| Employee agrees with dismissal | <ul style="list-style-type: none"> Dismissal by mutual consent: The employer and employee mutually agree to end the employment contract. | <ul style="list-style-type: none"> The employer must take the notice period into account, generally 1-2 months (no notice period if the employee is under probation). For dismissal by mutual consent and termination with consent, you do not need approval by the Employee Insurance Agency (UWV) or the sub-district court. Severance pay may apply for termination with consent. |
| | <ul style="list-style-type: none"> Termination with consent: The employer decided to end the employment contract and the employee agrees with this in writing. | |
| Employee does not agree with dismissal | <ul style="list-style-type: none"> For economic reasons, such as bankruptcy or restructuring: The employer must request a dismissal permit for economic reasons, and explain the reasons for dismissal. | <ul style="list-style-type: none"> These grounds for dismissal requires permission for dismissal from the Employee Insurance Agency. Without a dismissal permit, the employer cannot dismiss the employee. If the employer disagrees with UWV's decision, they cannot file an objection with them and instead, will have to turn to the sub-district court. Your CBA may provide a sector dismissal committee that is independent and unbiased. If so, this committee will evaluate the dismissal rather than the UWV. |
| | <ul style="list-style-type: none"> Dismissal due to employee's long-term incapacity to work: The employer must request a dismissal permit due to long-term incapacity to work. | |

| Type of Dismissal | Reason | Specifications |
|--|--|---|
| Employee does not agree with dismissal | <ul style="list-style-type: none"> • Other reasons for dismissal: For reasons such as unsatisfactory performance or conflict, the court will check if all the relevant legal criteria have been met. | <ul style="list-style-type: none"> • The employer will have to send a request for the termination of the employment contract to get permission from the sub-district court. |
| | <ul style="list-style-type: none"> • Dismiss an employee without approval for dismissal: The employer does not need permission for dismissal if the employee; <ul style="list-style-type: none"> ○ has reached the state pension age (<i>AOW-leeftijd</i>), ○ falls into a category where no permission for dismissal is required (e.g. specific categories of domestic workers), ○ is dismissed due to bankruptcy, ○ is still in probation period, or ○ is dismissed on the spot (i.e. serious misconduct, such as stealing). | <ul style="list-style-type: none"> • If the employer was required to have a dismissal permit and dismissed an employee without permission, the dismissal is not legally valid. The employee can then ask the sub-district court to undo the dismissal. The employment contract will continue to exist and the employer must continue to pay the employee's wage. • As dismissal procedures take time to go through UWV or sub-district court, the employee may subtract some of this time from the notice period. However, at least 1 month of notice period must be observed. |
| Dismissal of multiple employees (collective redundancy) | <ul style="list-style-type: none"> • Collective redundancy: The employer plans to dismiss more than 20 employees within one geographical area within 3 months for economic reasons. | <ul style="list-style-type: none"> • The employer has to report a collective redundancy with the UWV. |
| Dismissal of ill employees | <ul style="list-style-type: none"> • The employer is only allowed to dismiss an employee in specific circumstances, such as during probation period or when the company is facing bankruptcy. • The employer is also allowed to dismiss an employee after 2 years of long-term illness. | |

Article contributed by

Laurent-Pierre Sans
Regional Director, BIPO Europe
E: laurent.sans@biposervice.com

Lydia Liu
Business Development Manager, BIPO Netherlands
E: lydia.liu@biposervice.com

Roland Brouwer
Regional Director (Europe), Corporate & International Relations, BIPO Netherlands
E: roland.brouwer@biposervice.com

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At BIPO, we are committed to facilitating international business growth. Here's a quick look at how we foster discussions with the business community, sharing our expertise at local events across the region!

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Navigating Your Business in the Netherlands
with Laurent Sans, Roland Brouwer, and Lydia Liu



Thailand

19 Dec

HR & Worktech
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About BIPO

Established in 2010 and headquartered in Singapore, BIPO is a trusted provider of payroll and people solutions in **over 160 global markets**.

Our comprehensive HR offerings include **Human Capital Management solutions**, **Global Payroll Outsourcing**, and **Employer of Record services**, powered by our award-winning HR Management System and Athena BI (Business Intelligence) platform.

At BIPO, we deliver customised services and scalable tech-enabled solutions that automate processes, simplify workflows, and generate actionable insights.

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