PAYROLL SPECIAL

2025

The 2025 Payroll Special is a handy reference work for you as an employer or HR professional.

It contains up-to-date figures and details of relevant legislation relating to areas such as payroll tax, the customary salary scheme, company cars, the work-related expenses scheme (WKR), employer subsidies, various employment-law matters and pensions At the end of this document you will find a number of tables setting out the figures and rates applicable for 2025.

Please note:
We are keen to ensure we provide up-to-date information. As we are writing, however, new measures may be announced by the government. The overview in this Special is based on the information available as at 5 p.m. on 8 January 2025.

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1. RATES FOR PAYROLL TAX, CONTRIBUTIONS AND TAX CREDITS

1.1 CHANGES TO PAYROLL TAX RATES

The payroll tax burden will be lower in 2025 than in 2024 for middle-income workers in particular. This is due to the introduction of an additional tax band.

Decrease in rate in first tax band

The rate applicable in the first tax band is being reduced in 2025 from 36.97% to 35.82%. This first tax band applies to incomes up to € 38,441. The rate reduction will result in a maximum tax saving of € 442.

Introduction of second, higher tax band

A rate of 37.48% will apply in a new second band in 2025. This band will apply to incomes up to € 76,817. In 2024 the 36.97% band was applicable up to an income of € 75,518.

Top tax band to remain unchanged

The top tax band will remain at 49.50% in 2025.

1.2 WHAT CHANGES ARE BEING MADE TO TAX CREDITS?

Tax credits are also being adjusted. What figures will apply in 2025?

Reduction in general tax credit, but point from which it is reduced for higher incomes to be linked to statutory minimum wage

To ensure that taxpayers earning the statutory minimum wage are entitled to the maximum general tax credit, the point from which this tax credit is reduced for higher incomes (2025: € 28,406) is being linked to the level of the statutory minimum wage. The rate of the reduction from this point is also being lowered. In 2025 the rate by which the general tax credit is reduced for higher incomes will be 6.337% (compared to 6.63% in 2024). This will be financed in part by lowering the maximum general tax credit from € 3,362 in 2024 to € 3,068 in 2025.

In 2025 the tapering of the general tax credit will therefore start from a higher point (from € 28,406 instead of € 24,812) and with a lower rate (6.337% instead of 6.63%). As the maximum level of the general tax credit is being lowered to € 3,068, from the top tax band (2025: € 76,817) the general tax credit will still be € 0.

Employed person's tax credit to increase slightly and point from which it is reduced for higher incomes to be linked to statutory minimum wage

In 2025 the maximum employed person's tax credit will increase slightly to € 5,599 (2024: € 5,532). The amount of the employed person's tax credit increases with earnings, up to a salary of € 43,071 (2024: € 39,957); this figure is also linked to the statutory minimum wage. For salaries from € 43,071 the employed person's tax credit will be reduced by 6.51% (the same percentage as in 2024). From a salary of € 129,078 the employed person's tax credit is € 0.

Hardly any change to elderly person's tax credit

The maximum elderly person's tax credit will increase slightly in 2025 to € 2,035 (2024: € 2,010). The point from which it is reduced for higher incomes will also rise slightly to € 45,308 in 2025 (2024: € 44,770). As in 2024, the rate by which it tapers from this point will be 15%.

There will be no entitlement to the elderly person's tax credit from an income of € 58,875 (2024: € 58,170). The single elderly person's tax credit will amount to € 531 in 2025 (2024: € 524).

Please note:
In principle, the Social Insurance Bank (SVB) applies the single elderly person's tax credit. Since 2024, however, you have also been able to apply this tax credit as an employer, if your employee meets the conditions and asks you to do so in writing. He/she can do this, for example, using the Model Statement of data for payroll taxes. You must, however, make your employee aware that this tax credit may only be applied by one withholding entity and that he/she must ask the SVB to stop applying it.

1.3 HIGHER DIFFERENTIATED AWF CONTRIBUTION AND MAXIMUM ASSESSABLE SALARY

The differentiated contribution to the General Unemployment Fund (Awf) consists of a high and a low contribution. As an employer you can apply a low Awf contribution if a number of conditions are met. If you do not meet these conditions, you pay a high Awf contribution. The conditions relate to your employees' employment contracts and are intended to combat highly flexible contracts and protect permanent contracts.

In 2025 the Awf contribution will be 0.10% higher than in 2024 for both contributions. The low Awf contribution will amount to 2.74% and the high Awf contribution will stand at 7.74%. The maximum assessable salary increased significantly in 2024 to € 71,628 (2023: € 66,956), but at € 75,864 will be much higher still in 2025. For employees with an assessable salary from € 71,628, as an employer you may therefore owe up to € 191 (for the low contribution) and € 403 (for the high contribution) more in Awf contributions per employee in 2025.

Please note:
At the beginning of 2025 check the paid hours of employees with an employment contract for fewer than 35 hours per week on average and for whom the low Awf contribution was applied in 2024. If their paid hours exceed their contracted hours by more than 30%, the high Awf contribution will have to be applied with retroactive effect from 1 January 2024.

Change to contribution adjustment based on contracted hours from 2025

From 2025 the threshold below which you need to check whether employees' paid hours exceed their contracted hours by more than 30% is an average of 30 hours or fewer per week, instead of an average of fewer than 35 hours per week. This change means that:

- at the beginning of 2025 you must check the paid hours of employees for whom the low Awf contribution was applied in 2024 and who have an employment contract for fewer than 35 hours per week on average.
- at the beginning of 2026 you must check the paid hours of employees for whom the low Awf contribution was applied in 2025 and who have an employment contract for 30 hours or fewer per week on average. Consequently, at the beginning of 2026, for employees whose employment contract averages more than 30 hours per week, you no longer need to apply the high Awf contribution with retroactive effect if their paid hours exceed their contracted hours by more than 30%.

Please note:
In addition to the adjustment in cases where paid hours exceed contracted hours by more than 30%, the low Awf contribution must also be adjusted to the high Awf contribution if a new employee resigns or is dismissed within two months of his/her employment commencing. This adjustment is not dependent on the number of contracted hours and therefore applies to all contracts.

1.4 HIGHER CONTRIBUTIONS TO RETURN TO WORK FUND IN 2025

As an employer you pay social contributions to the Return to Work Fund (Whk) every year. The average contribution percentage for the Return to Work (Partially Disabled) Regulations (WGA) component fell from 0.87% in 2023 to 0.77% in 2024. In 2025 the average contribution percentage will rise again to 0.83%, but will therefore still be below the 2023 level. The average contribution percentage for the Sickness Benefits Act flexible employment (ZW-flex) component fell from 0.66% in 2023 to 0.45% in 2024, but will increase to 0.50% in 2025.

Please note:
The WGA contribution component applies to all employment relationships for which contributions to employee insurance schemes have to be paid. The ZW contribution component applies only to flexible and temporary employment relationships.

Average salary on which contributions are payable

How the differentiated Whk contribution is calculated depends on the size of your company.
The category you fall into as an employer in 2025 is determined on the basis of your wage bill in 2023. The calculation is based on the average salary on which contributions are payable, which amounted to € 37,700 in 2024 and is increasing to € 39,600 in 2025.

Thresholds for small/medium-sized/large employers

In 2025 the threshold between small and medium-sized employers has been set at a wage bill not exceeding € 990,000 (2024: € 942,500). Employers who have a wage bill of more than € 3,960,000 (2024: € 3,770,000) in 2025 fall into the category of a large employer.

Please note:
In 2025 it is therefore the wage bill from two years earlier, i.e. 2023, that is relevant. If your wage bill in 2023 did not exceed € 990,000, you are considered a small employer.

Decision from Tax and Customs Administration

If you are a large or medium-sized employer, at the end of November 2024 you will have received a decision from the Tax and Customs Administration on the level of the contribution. For large and medium-sized employers the level depends on the number of employees who have started receiving benefits under the ZW and WGA. If you have lodged a pro forma objection against the Whk decision within six weeks of the date on which it was issued, in anticipation of receiving the lists of employees who are newly receiving such benefits, the Tax and Customs Administration will grant you a deferral until 30 April 2025 to substantiate this objection.

Small employers will have received a notification from the Tax and Customs Administration in December. If you are a small employer, you pay a contribution that is dependent on the sector in which you operate. This contribution is a fixed percentage and it is not possible to object against it.

Please note:
Besides the contribution percentages for 2025, the increase in the maximum assessable salary may also affect the level of the contribution you have to pay. The maximum assessable salary has increased to € 75,864 in 2025 (2024: € 71,628). For employees with an assessable salary above € 75,864 you may therefore owe a higher contribution as an employer, even though the contribution percentages have fallen compared with 2024.

1.5 SLIGHT FALL IN CONTRIBUTIONS UNDER HEALTHCARE INSURANCE ACT IN 2025, HIGHER ASSESSABLE SALARY

In 2025 the contributions under the Healthcare Insurance Act (Zvw) are again being reduced slightly, by 0.06 of a percentage point. This applies both to the contributions that employers pay for their employees (6.51% in 2025) and to those that self-employed persons and directors/major shareholders (DGAs) have to pay for themselves (5.26% in 2025).

The maximum assessable salary is increasing from € 71,628 in 2024 to € 75,864 in 2025. This means that in 2025 the maximum Zvw contribution that employers have to pay for employees is increasing by € 233 (from € 4,706 in 2024 to € 4,939 in 2025). For self-employed persons and directors/major shareholders the increase amounts to € 179 (from € 3,811 in 2024 to € 3,990 in 2025).

1.6 MAXIMUM DEFAULT PENALTIES FOR PAYROLL TAX RISING FROM 2025

The maximum default penalties for failure to file a tax return, make a payment or file a correction to a return have increased from 2025 in the area of payroll tax.

Failure to file a tax return

This applies if you fail to file a payroll tax return or fail to do so on time. It also applies if you file a return that is incorrect or incomplete. In such cases you will receive a penalty of € 68, unless the Tax and Customs Administration receives the return within the grace period of seven calendar days following the final tax return deadline.

Please note:
In exceptional cases the Tax and Customs Administration may also set a higher penalty of up to € 1,377 for failing to file a tax return. It may do so if you repeatedly fail to submit your return or do so late, for example. This maximum penalty is increasing to € 1,675 from 2025.

Failure to pay

This applies if you fail to pay your payroll tax, do so late or pay too little. The penalty imposed in this case amounts to 3% of the overdue amount, with a minimum of € 50 and a maximum of € 5,514. The maximum penalty for failure to pay is increasing to € 6,709 from 2025.

A grace period of seven calendar days applies after the final payment deadline. If you make your payment late, but within the grace period, no penalty will be imposed, provided that you paid the amount owed on your previous tax return on time and in full.

Please note:
In exceptional cases the Tax and Customs Administration may also set a higher penalty for failure to pay. This can be up to 10% of the overdue amount, with a maximum of € 5,514 in 2024 (2025: € 6,709). It may do so if you repeatedly fail to pay, do so late or pay too little, for example.

Combination of penalties for failure to file a tax return and failure to pay
If you file your payroll tax return late and are also late with your payment, you may receive two penalties: one for each infringement.

Failure to file a correction
The Tax and Customs Administration may impose a penalty for failing to file a correction if you fail to file a correction to a payroll tax return or fail to do so on time, or if the correction is inaccurate or incomplete. It is reluctant to apply such penalties, but will do so if you repeatedly fail to file a correction to a payroll tax return or fail to do so on time, or if corrections are repeatedly inaccurate or incomplete, for example.

The maximum penalty of this kind that the Tax and Customs Administration can impose amounted to € 1,377 in 2024, but is rising to € 1,675 from 2025.

Negligence penalty
In the event of gross negligence or (conditional) intent the Tax and Customs Administration may also impose a negligence penalty with a higher amount.

1.7 DEDUCTION OF PAYROLL TAX FOR STUDENTS: NEW FORM
As an employer, under certain conditions, you can apply the student and pupil scheme to the wages paid to a student.

The student and pupil scheme
If you are able to apply the student and pupil scheme, you use the quarterly table when calculating payroll tax, employee insurance contributions and the contribution under the Healthcare Insurance Act (Zvw). This allows you to take more payroll tax credit into account, which means that generally no or less payroll tax has to be deducted from the student's wage.

Example
The quarterly table includes a quarter of the annual amount of payroll tax credit, while the monthly table includes only a twelfth. If a student is entitled to payroll tax credit of € 3,960 in a particular year, for example, the quarterly table incorporates an amount of € 990 and the monthly table € 330. If the student does much more work for you than normal in July, for example, applying the quarterly table may mean that you do not have to deduct any payroll tax or have to deduct less payroll tax from his/her wage than would be the case with the monthly table. The student then immediately receives a higher net wage and does not have to go to the trouble of reclaiming the overpaid payroll tax by filing an income tax return in the following year.

Please note:
The student and pupil scheme is only advantageous if the student/pupil works for you alone and does not have another job elsewhere.

Conditions of the student and pupil scheme

The student and pupil scheme does not apply to all students. It applies only to:

- students whose parents/carers are entitled to child benefit at the beginning of the calendar quarter;
- students who are entitled to student finance or a contribution towards study costs at the beginning of the calendar quarter;
- students with an International Student Identity Card (ISIC) from another EU country or from Iceland, Norway, Switzerland or Liechtenstein.

Please note:

If a foreign student does not have an ISIC, he/she can apply for one via the ISIC website.

Student's consent

You can only apply the scheme if the student asks you to do so in writing. Since mid-2024 a different form has been available for making this request (Model Statement of data for payroll taxes (student and pupil scheme)). You can also use this form for students who do not wish to make use of the student and pupil scheme.

Please note:

The student and pupil scheme can only be applied if the employer also applies the payroll tax credit. When opting to apply the student and pupil scheme the student must therefore also indicate in the form that he/she wants the employer to apply the payroll tax credit.

Student and pupil scheme not applied

If the student chooses not to apply the scheme, it is possible that too much payroll tax will be deducted from his/her wage. The student can reclaim this by filing an income tax return.

2. CUSTOMARY SALARY AND VOLUNTEER'S ALLOWANCE

2.1 CUSTOMARY SALARY

In 2025 the standard amount under the customary salary scheme is the same as that in 2024, amounting to € 56,000 per year. When the level of the customary salary is determined for a director/major shareholder and his/her co-working partner, the highest of the following amounts must be taken as a basis:

- the salary for the most comparable position;
- the highest salary received by the other employees of the company or affiliated companies (legal entities);
- € 56,000 (2024: € 56,000).

If the resulting salary is higher than that for the most comparable position, you can set your customary salary at the level of the latter. The discussion with the Tax and Customs Administration will mainly concern the question of whether the salary you have set is indeed that for the most comparable position.

Please note:
Does the director/major shareholder and/or his/her co-working partner work part-time, and can you demonstrate sufficiently that the employment is carried out on a part-time basis? If so, you can apply the part-time percentage to the full-time salary for the most comparable position or the full-time salary of the highest-earning employee to determine the level of these two salaries. You must also demonstrate sufficiently that this part-time salary would also apply to the most comparable part-time position and/or the highest-earning part-time employee. This part-time percentage cannot be applied to the amount of € 56,000.

In some situations you can take an even lower salary as a basis. For example, under certain conditions, start-ups may apply a lower salary for a maximum of three years, if the company cannot afford the customary salary as a result of circumstances associated with starting the business. Under certain conditions, you may also take a lower salary as a basis if your company incurs a loss that is sufficiently large to put the continuity of the company at risk.

Tip:
Once the customary salary has been determined, in some cases your regular salary can be set at a lower level. This is because, besides this regular salary in cash, other salary components are also taken into account when assessing the customary nature of the salary. These include:

- the addition to taxable income for private use of a company car;
- other benefits in kind;
- allowances and benefits in kind under the work-related expenses scheme, if these can be personally attributed to the director/major shareholder.

2.2 UNTAXED VOLUNTEER'S ALLOWANCE REMAINING AT € 2,100 IN 2025

The maximum untaxed volunteer's allowance will remain the same in 2025 as in 2024, i.e. € 2,100 per year. The monthly allowance in 2025 will also remain unchanged from 2024 at a maximum of € 210.

Please note:

The volunteer's allowance must not exceed the maximum amounts and the volunteer must carry out the work in question for designated, non-commercial organisations and not as part of his/her profession. The Tax and Customs Administration assumes that the work is not carried out on a professional basis if the maximum hourly allowance in 2025 amounts to € 5.60 (2024: € 5.50). For volunteers under the age of 21 this maximum hourly allowance is € 3.30 in 2025 (2024: € 3.25).

Tip:

At the end of November 2024 a motion was passed in the Upper House of the Dutch Parliament asking the government to explore ways to give volunteers and informal carers greater freedom to undertake voluntary work, for example by increasing the maximum allowance. The government was asked to present the results of this process to the Upper House before the 2025 Spring Memorandum.

3. TRANSPORT

3.1 COMPANY CAR

In 2025 there will be no changes to the addition to taxable income for new cars with CO_2 emissions of more than 0 grams per kilometre. As in previous years, this will remain at 22%.

The addition for new cars with CO_2 emissions of 0 grams (including fully electric cars) per kilometre is increasing in 2025 to 17%, up to a list price of € 30,000, and to 22% above this level. 2025 is the last year in which a discount will apply to new cars with CO_2 emissions of 0 grams. As of 2026, cars of this kind that are bought new will fall, from the moment of purchase, under the regular addition to taxable income of 22% on the full list price.

Year	Discount	Addition to taxable income	Ceiling	Addition to taxable income above this
2025	5%	17%	€ 30,000	22%
2026 onwards	0%	22%	N/A	N/A

Please note:
The addition is fixed for 60 months from the first month after that in which the car is first registered. After the 60-month period has ended an annual assessment will be performed to determine whether a discount applies to a fully electric car based on the legislation in force at that time. Cars with CO_2 emissions of 0 grams that come to the end of the 60-month period in 2025 will therefore be subject, on reaching that point, to an addition to taxable income of 17% on the first € 30,000 of the list price and of 22% above this amount. As of 2026, an addition of 22% will apply to such cars.

Exception for hydrogen-powered cars

The cap, which means the discounted addition percentage of 17% does not apply to the portion of the list price above € 30,000 (2025), will not apply to hydrogen- or solar-powered cars. For such cars this addition percentage will apply to the entire list price.

3.2 FINAL LEVY FOR VANS USED BY DIFFERENT EMPLOYEES RISING IN 2025

If an employer has a van that is used by a number of different employees, the addition to taxable income for private use can be replaced with a flat payment by applying a final levy. Since it was introduced in 2006 the amount of this final levy has been € 300 per year. In 2025 this amount is being adjusted for inflation since 2006 and is therefore rising to € 438 per year (€ 36.50 per month). In future, it will not again be kept at the same level for a period of several years and will instead be indexed annually from 1 January 2026.

Please note:
As a consequence of case-law dating from 2019 (ECLI:NL:GHDHA:2019:3152), in practice the Tax and Customs Administration only allows the final levy to be applied for a van used by different employees if it would be onerous to keep a journey log for the van. You should therefore bear in mind that, in situations in which the Tax and Customs Administration does not consider it onerous to keep a journey log, application of the final levy will not be accepted.

Tip:
The amount of € 438 applies only to a van that is used by a number of different employees. If a car is available to several employees for private use, you can base the addition to taxable income for each employee on the extent to which the employee has access to the car. If a car is equally available to two employees, for example, and they both also use it for private purposes, the addition for both employees will be 50% of the customary addition.

3.3 TRAVEL ALLOWANCES UNCHANGED IN 2025

In 2025 the tax-free allowances for business travel expenses incurred by employees are the same as in 2024. The only change is the expansion of the scope of the specific exemption for public transport season tickets, which now not only covers domestic public transport, but also public transport abroad.

Public transport

The rules relating to employer-provided public transport season tickets changed in 2024. If the season ticket is also actually used to some extent for business travel, a specific exemption applies. It makes no difference whether such a season ticket is purchased by the employer and made available (employer retains ownership) or supplied (employee acquires ownership) to the employee or whether it is purchased by the employee and subsequently reimbursed. This will remain the case in 2025. As of 2025, the specific exemption will be expanded further, however: from this year it will no longer apply to domestic public transport only, but also to public transport abroad.

Please note:
For purposes of the specific exemption the extent to which the employer-provided season ticket is used for business travel is irrelevant, as long as it is used for such travel to some extent. Private use is also not taxed separately.

Tip:
The specific exemption for a public transport season ticket also covers the making available, supply or reimbursement of an off-peak pass, provided that this pass is also actually used for business travel to some extent.

Travel allowance unchanged

The travel allowance for the costs of business travel using your own transport, including commuting, is remaining at € 0.23/km in 2025. In 2025 travel allowances will therefore again be free of tax, as long as the allowance does not exceed € 0.23/km. This applies to virtually all forms of transport and therefore also to kilometres travelled by bicycle or moped, for example.

3.4 DEADLINE OF 30 JUNE 2025 FOR COMPULSORY REPORTING ON EMPLOYEES' BUSINESS TRAVEL AND COMMUTING

Employers who employ 100 or more people are required to report by 30 June 2025 on the business travel and commuting journeys of their employees in 2024. This obligation forms part of the Ministry of Infrastructure and Water Management's Environment and Planning Act. The obligation is known as the 'Work-related personal mobility reporting obligation', or WPM for short.

Please note:
To determine whether the threshold of 100 or more employees is exceeded, employees from all branches (of a company or legal entity) must be added together. Only employees who have an employment contract and perform at least 20 hours of paid work per month count. Hired-in seconded workers and temporary workers are excluded.

Make sure your accounting system is in order

Do you employ more than 100 staff? If so, from 1 July 2024 you are required to record and report various information.

What information?

A guide drawn up by the Netherlands Enterprise Agency (RVO) explains what information you need to record. This includes, for example, the total number of kilometres that your employee has travelled for business and commuting purposes, but also the annual total of kilometres travelled, broken down by mode of transport and fuel type.

Please note:
The data for 2024 can be submitted from 15 January 2025. The final deadline is 30 June 2025. You can choose whether to report on the second half of 2024 only or on the whole of 2024. Full-year reporting on 2025 will be mandatory in 2026. Instructions on how to report this data can be found in the guide 'Aan de slag met het online formulier WPM' ('Working with the online WPM form').

4. WORK-RELATED EXPENSES SCHEME

The work-related expenses scheme allows employers to grant their employees all kinds of allowances and benefits in kind free of tax. If the employer remains within the 'fixed budget' in a particular year, the employer also pays no tax. If this fixed budget is exceeded, the employer has to pay 80% tax via the final levy. The standard-practice test has to be taken into account.

4.1 SLIGHT INCREASE IN FIXED BUDGET UNDER WORK-RELATED EXPENSES SCHEME IN 2025

Under the work-related expenses scheme you, as an employer, can grant your employees various allowances and benefits in kind free of tax. One well-known example is the Christmas hamper. If the allowances granted remain within the fixed budget, the employer also does not have to pay any tax on them. In 2025 the fixed budget under the work-related expenses scheme is increasing slightly to 2% (2024: 1.92%) of the wage bill up to an amount of € 400,000. If the wage bill is above this level, the fixed budget on the excess amount is still 1.18%, as in 2024.

This means that in 2024 the maximum fixed budget amounted to 1.92% x € 400,000 = € 7,680, plus 1.18% on the excess amount of the wage bill. In 2025 the maximum will therefore be 2% x € 400,000 = € 8,000, plus 1.18% on the excess amount of the wage bill. The fixed budget has thus been raised slightly by up to € 320.

Tip:
An employer can only make use of the fixed budget if the standard-practice test has been satisfied. The assessment for the standard-practice test can be complicated. As a concession, the Tax and Customs Administration considers all allowances not exceeding € 2,400 per person per year to be customary. However, even up to this amount the use of the scheme must be considered to be reasonable. For example, it is not permitted to use the budget of € 2,400 (in full) if this will result in your employee's wage falling below the statutory minimum wage.

Please note:
If you apply the group scheme, the fixed budget for 2025 is set at 2% on the first € 400,000 of the group's total wage bill and at 1.18% on the excess amount. The fixed budget of each part of the group cannot be taken as a basis. The group scheme is therefore only advantageous if not every company within the group is using the whole of its fixed budget. After all, the unused portion can then be used by another group company.

Tip:
You can decide annually whether or not to apply the group scheme. Check first whether the group scheme would be beneficial for you. For 2024 you need to make a decision by no later than the second return period of 2025. For 2025 you do not have to do this until the beginning of 2026.

4.2 DESIGNATE COMPONENTS OF FIXED BUDGET ON TIME

In April 2024 the Supreme Court clarified how an employer can designate an allowance or benefit in kind as salary for final levy purposes under the fixed budget. If it is not designated on time it will be deemed part of the employee's individual taxable salary. If that is not the employer's intention, it is worth bearing in mind the following rules, amongst others, relating to such designations:

- In principle, there are no formal requirements relating to how an employer can make a designation. This can be done, for example, by means of a notification sent from the employer to the employee or by means of inclusion in the employer's accounting records.
- The employer must, however, be able to demonstrate that such a designation has taken place.
- The designation must be made by the point at which the employee receives the allowance at the latest. This will generally be the moment when the allowance is paid.

A discussion may arise with the Tax and Customs Administration regarding whether a particular allowance can be designated as salary for final levy purposes under the fixed budget. This is due to the standard-practice test that applies here. In the event of such a discussion arising, it is important that the allowance is designated on time as salary for final levy purposes under the fixed budget. According to the Supreme Court, if the employer fails to do this, or does so late, this cannot be corrected later. The Supreme Court has, however, ruled that it is also possible to settle the allowance individually with the employee at the same time as designating it as salary for final levy purposes. In this way the employer can wait for the (judicial) outcome of the discussion with the Tax and Customs Administration.

4.3 INCREASE IN HOMEWORKING ALLOWANCE AND OTHER STANDARD AMOUNTS

Subject to certain conditions, you can pay your employees an untaxed allowance for the additional costs associated with working from home. In 2025 this untaxed allowance amounts to € 2.40 per day (2024: € 2.35 per day).

The standard amount set for the value of meals in company canteens (or similar areas) or at staff parties in the workplace is also rising in 2025. In 2024 this was € 3.90 per meal and in 2025 amounts to € 3.95 per meal.

Tip:
The standard amount less any contribution made by your employee is regarded as salary that your employee has received. However, you can also opt to designate it as salary for final levy purposes under the fixed budget.

Please note:
In May 2024 the Supreme Court ruled that healthy meals that are provided to employees and form part of the employer's health and safety plan are subject to a specific exemption in years up to and including 2021. The standard amount for meals therefore does not have to be applied in these years. Unfortunately, the rules applying to this specific exemption were tightened up with effect from 2022. As a result, facilities that are clearly intended to promote the general health of employees do not benefit from a specific exemption. Consequently, since 2022 it has no longer been possible to apply the specific exemption to such healthy meals. Incidentally, a facility that is mainly intended to promote the general health of the employee may, in an individual case, qualify as a mandatory health and safety facility and thus benefit from the specific exemption. For this to be possible the employer must establish, amongst other things, that the employee is exposed to a health risk as a result of his/her work.

Under certain conditions, accommodation provided at the workplace may be zero rated. If this is the case, the provision of energy, water and cleaning is also zero rated. The zero rating is subject to the following conditions:

- The employee does not live in the workplace and has his/her home elsewhere.
- The employee reasonably requires the accommodation in the workplace to perform his/her job properly. Examples include a supervisor in a surrogate-family home who works sleepover shifts or a fireman who sleeps at the fire station.

If this zero rating does not apply and the accommodation in question is not a dwelling provided so that an employee can perform his/her work properly (*dienstwoning*), you can take a standard amount into account for the value of the accommodation in the workplace This standard amount for accommodation and lodging is increasing from € 6.70 per day in 2024 to € 6.80 per day in 2025. Energy, water and cleaning are included in this standard amount.

If the accommodation is a *dienstwoning* (this is only the case if the dwelling is required to allow the employee to perform his/her job properly and the employee cannot reasonably waive use thereof), the market rental value is regarded as salary for the employee. However, this is capped at 18% of the employee's annual salary (for a 36-hour working week). Bear in mind that if the employee works fewer than 36 hours per week, his/her salary will need to be recalculated. If he/she works more than 36 hours per week, however, the salary may not be recalculated on the basis of 36 hours.

4.4 UNTAXED ALLOWANCES FOR TEMPORARY ACCOMMODATION COSTS IN 2025

Under certain conditions, costs that employees incur during business trips – temporary accommodation costs – may be reimbursed to employees free of tax. To determine the level of these amounts, you can possibly follow the amounts that civil servants receive free of tax for a business trip.

The reimbursement of accommodation costs may only benefit from a specific exemption – and therefore be paid free of tax – in the case of a temporary stay. Your employee must be regarded as a so-called itinerant employee. This is the case if he/she constantly travels to different workplaces or generally travels to the same workplace once a week and does so on a maximum of 20 days.

Please note:
What if an employee travels to the same workplace on more than 20 days, but with interruptions, with the result that it is not a consecutive period? In the event of a one-off interruption, the reference period over which the 20 days are calculated continues to run as normal. A different situation applies if there are longer interruptions. In this case a new reference period is started for purposes of counting the 20-day maximum. You can contact us to assess whether a new reference period should begin following an interruption.

Besides itinerant employees, you can also reimburse the temporary accommodation costs – while benefiting from the specific exemption – for an employee who does not (or not yet) live close to his/her place of work for business reasons. This may apply in the case of temporary projects or if the employee is still in his/her trial period, for example.

For purposes of reimbursing the temporary accommodation costs it is permitted to follow the untaxed allowances for accommodation costs that civil servants can receive for a business trip. You may do so for employees who, from a cost perspective, are in similar circumstances to civil servants on a business trip. You are also required to allocate the same allowances as provided for under the collective labour agreement for central government ('cao Rijk') and also apply the same conditions. You must therefore bear in mind the minimum duration of the stay and the level of the allowances referred to in the 'cao Rijk', for example.

Please note:
The rules were tightened up in 2024. Previously, it was sufficient for the conditions to be similar. If you already had an allowance scheme in place before 2024, it was possible to continue applying it in 2024. From 2025, however, you have to comply with the new conditions.

The allowances and specific exemptions for civil servants on domestic business trips are as follows in 2025:

Accommodation costs	Allowance under 10.2 'cao Rijk'	Specific exemption
Petty expenses (daytime)	€ 7.02	€ 6.27
Petty expenses (evening)	€ 20.95	€ 12.54
Accommodation	€ 152.19	€ 150.55
Breakfast	€ 14.87	€ 14.87
Lunch	€ 21.40	€ 12.51
Evening meal	€ 32.37	€ 31.40

Please note:
Besides following these allowances, you also have to apply the same conditions. These conditions can be found in section 10.2 of the 'cao Rijk'.

They state, amongst other things, that a civil servant who claims the costs of a business trip does not have to enclose proof of payment for the above expenses. You can therefore reimburse these costs to your employee without an invoice or proof of payment having to be presented. It must, of course, be demonstrated that the employee actually travelled and stayed overnight for work purposes.

Please note:
You therefore need to follow the amounts set out in the 'cao Rijk'. If the allowance under this collective labour agreement is higher than the specific exemption, the surplus is regarded as individual salary of the employee. You can also opt to allocate it to the fixed budget. If the fixed budget is exceeded in a particular year, you owe a final levy of 80% on the surplus amount.

The conditions and amounts included in the 'cao Rijk' must also be followed for foreign business trips (see section 10.3 of the 'cao Rijk'). The calculation of the amounts for foreign business trips depends on the temporary accommodation. An overview can be found in appendix 6 to the 'cao Rijk'.

4.5 'CAFETERIA SCHEME' CAN BE COST-NEUTRAL

By means of a 'cafeteria scheme' you can allow employees to exchange gross salary for an allowance for specific purposes set out in the scheme. If a specific exemption from payroll tax applies to such a purpose, the gross salary can be paid out net, as the allowance benefiting from a specific exemption has taken its place. Your employee may use the whole of the exchanged amount for the purpose in question.

If there is no specific exemption, you can designate the allowance as salary for final levy purposes under the fixed budget, provided that this satisfies the standard-practice criterion. In this case too the gross salary can be paid out net. As an employer, however, you may then come up against a tax liability. This is the case if the total allowances and benefits in kind that you allocate to the fixed budget in a particular year exceed the amount of your fixed budget. You are then required to pay a final levy of 80% on the surplus amount.

In principle, the Tax and Customs Administration will not approve an exchange under a cafeteria scheme if the exchange results in a transaction with foreseeable adverse consequences for the employee. In April 2024, however, the Tax and Customs Administration confirmed that, when exchanging gross salary under a cafeteria scheme, it is permitted to take into account any final levy that the employer would have to pay as a consequence of exceeding the fixed budget. You can therefore agree with your employee that you will exchange a lower amount so that the exchange is also cost-neutral for you as an employer.

Example

In a case presented to the Tax and Customs Administration an employee with a gross monthly salary of € 3,000 wanted to spend € 600 under the cafeteria scheme on leasing solar panels. The employer had calculated that the employee would have to surrender an amount of € 740 of gross salary for this to be cost-neutral for the employer. By surrendering € 740 of gross salary and receiving a net allowance of € 600 in exchange for this, the employee ended up with € 171 more net than would have been the case without the exchange.

The Tax and Customs Administration had no problem with this exchange, in which the employer was actually compensated to ensure the process remained cost-neutral for it.

Please note:

The question put to the Tax and Customs Administration related mainly to whether, in this situation, there would be a transaction with foreseeable adverse consequences for the employee. Within the context of an exchange, the question can also always arise as to whether the 'standard-practice criterion', which an allocation to the fixed budget must meet, has been satisfied. In the example above there was no dispute about this, as in total the employer designated no more than € 2,400 per employee as salary for final levy purposes under the fixed budget.

5. SUBSIDIES AND ALLOWANCES

5.1 PRACTICAL LEARNING SUBSIDY SCHEME

The practical learning subsidy scheme is an allowance for the costs that employers incur for paying the salary of or supporting an apprentice, student, PhD candidate or technological designer in training (TOIO). This scheme aims to develop well-trained personnel who are better prepared for the labour market.

The practical learning subsidy scheme is available for pre-vocational secondary education (VMBO), senior secondary vocational education (MBO), higher professional education (HBO), PhD candidates and TOIOs, practical training and special secondary education (VSO). Different conditions apply to each educational category. It is important that you comply with these conditions and the relevant administrative requirements. The conditions that apply to the various educational categories can be found here.

The practical learning subsidy scheme mainly targets:

- vulnerable groups on the labour market who have difficulty accessing employment;
- students following a course of study in sectors with a shortage of qualified staff;
- scientific personnel who are vital to the Dutch knowledge economy.

If you qualify for the practical learning subsidy scheme, the amount of the subsidy is a maximum of € 2,700 for each apprenticeship or work placement provided. Bear in mind that the amount may be lower. That is because the definitive subsidy depends on the number of applications approved.

In 2023 the practical learning subsidy scheme was extended until the end of the 2027/2028 academic year.

Please note:
With effect from the 2023/2024 academic year, a condition to qualify for a subsidy is that the apprentices/students for whom you are applying for the subsidy must be entered in the Register of Participants in Education (ROD). The educational institutions are responsible for entering (in the ROD) apprentices and students for the courses and for the periods of work-based learning at the work placement companies.

In 2025 it is possible to submit applications for the 2024/2025 academic year from Monday 2 June 2025 to Tuesday 17 September 2025 at 5 p.m.

5.2 PRACTICAL LEARNING SUBSIDY SCHEME FOR THIRD LEARNING PATHWAY

The practical learning subsidy scheme for the third learning pathway will remain in place in 2025. As things stand, it will continue to be possible to obtain subsidies up to and including 2031. The 2025 application period is not yet known, but once it has been announced you will be able to find it here.

Subsidy conditions

If the conditions remain unchanged in 2025 compared with 2024, an approved work placement company must provide a placement for a senior secondary vocational education (MBO) student in the third learning pathway (other education (OVO)) or other part-time training (ODT) in order to qualify for a subsidy. The student must be a jobseeker or be carrying out paid work and must be entered in the Register of Participants in Education (ROD) of the Education Executive Agency (DUO) during the application period.

Level of subsidy

The subsidy amounts to a maximum of € 2,700 per placement. If the applications exceed the available budget, the budget will be divided amongst the applications. As a result, the subsidy may be lower than € 2,700 per placement.

The approved work placement company must apply for the subsidy within a year of the placement ending. The subsidy will be provided over a maximum period of 52 consecutive weeks, of which a maximum of 40 will qualify for the subsidy.

Please note:
This subsidy is not intended for MBO students following the school-based learning pathway (BOL) and work-based learning pathway (BBL). For such students the employer may, however, qualify for the practical learning subsidy scheme for senior secondary vocational education (MBO).

5.3 SUBSIDY FOR GROUP ASSISTANTS IN CHILDCARE ORGANISATIONS

In 2025 childcare organisations can again apply for a subsidy for a practical training placement to support the development of group assistants. The application period will run from 3 November 2025 to 28 November 2025 at 5 p.m. In 2025 the available budget amounts to € 1,735,000. This subsidy is a contribution towards the payroll costs for group assistants and can be applied for at RVO.nl. The aim is for the subsidy to allow more group assistants to be hired and to enable them to progress within the childcare sector.

The maximum subsidy is € 10,056 per year per group assistant and depends on the number of contracted hours that the group assistant works per week. An organisation can apply for a subsidy for up to two group assistants.

The subsidy is subject to a number of conditions. For example, a group assistant must have an employment contract with a term of at least twelve months and a start date of 1 August 2023 or later. The group assistant must also participate in training comprising a combination of work and a senior secondary vocational education (MBO) course, with a view to obtaining a practical training certificate, an MBO certificate or a diploma. This training must have started between 1 August 2023 and 31 October 2026. A further requirement is that the childcare organisation has previously received a subsidy for the group assistant via the practical learning subsidy scheme or the practical learning subsidy scheme for the third learning pathway.

Tip:
The subsidy will also be available in 2026. The available budget for 2026 amounts to € 1,775,000.

5.4 EXPANSION OF R&D TAX CREDIT

With effect from 1 January 2025 the R&D tax credit (WBSO) for employers is being expanded. Via the R&D tax credit employers receive a contribution towards the costs of innovative activities. The level of the contribution depends on the innovation-related costs and on whether the company is a start-up or not. You offset the contribution allocated to you against the payroll tax you owe.

Change to percentages

Different percentages apply to the contribution. These were increased with effect from 1 January 2025. In 2024 a percentage of 32% applied to costs up to € 350,000 and 16% to the surplus amount. From 2025 the percentage applicable to costs up to € 380,000 will be 36%, with 16% applying above this level. In addition, for start-ups a percentage of 40% applied to costs up to € 350,000 in 2024. From 2025 this will change to 50% for costs up to € 380,000.

Rate/Threshold	2024	2025
Rate in 1st band	32%	36%
Rate in 1st band for start-ups	40%	50%
Threshold in 1st band	€ 350,000	€ 380,000
Rate in 2nd band	16%	16%

5.5 SLIM SUBSIDY SCHEME IN 2025

The SLIM scheme (Learning and Development at SMEs Incentive Scheme) can help you keep your staff motivated and well qualified. This subsidy is being extended up to and including 2029 and in 2025 there will be two separate schemes: one for individual SMEs and one for alliances of SMEs.

End of separate SLIM scheme for large companies

From 2025 it will no longer be possible for large companies in the agricultural, hospitality and recreation sectors to take advantage of the SLIM scheme. It has become apparent that this original target group was not making much use of the scheme. Such companies can still apply for a subsidy under the SLIM scheme as a participant in an alliance.

Less administration required for SLIM subsidies up to € 25,000

From 2025, for SLIM subsidies up to € 25,000, it will no longer be necessary to submit a request for determination of the subsidy retrospectively. This subsidy will be determined automatically. The obligations to draw up an evaluation report and keep records will also no longer apply. One aspect that is not changing is that 50% of the subsidy amount will continue to be paid in advance.

Advance payment of SLIM subsidy for alliances

From 2025 alliances will also be able to receive an advance payment. The level of the advance will depend on the duration and level of the subsidy.

Change to subsidy percentage for small SMEs

From 2025 the subsidy percentage for small SMEs will be 60%, as is the case for other companies. This means that with effect from 2025 they will only be able to receive up to 60% of the eligible costs as a SLIM subsidy instead of up to 80% (which was the case in 2024).

Withdrawal of subsidy for practical training placements

From 2025 the SLIM subsidy of up to € 2,700 for a practical training placement as part of a vocational training course or as part of the third learning pathway at an approved work placement company will be withdrawn.

Other changes

Further changes will also apply from 2025. For example, it will be explicitly included in the scheme that activities do not qualify for the SLIM subsidy if they only benefit directors or owners of a company. Directors or owners may participate in the activity, but may not be the sole target group.

From 2025 a subsidy applicant may also request a deferral of up to three months if the eligible activities have not been completed on time due to circumstances that are beyond his control. This deferral request may also be made for SLIM subsidies received before 2025.

From 2025 a fixed payment of € 3,000 will be provided for the preparation of an audit report by an auditor, which is compulsory for subsidies of € 125,000 or more. This fixed payment of € 3,000 will also apply to SLIM subsidies received before 2025. If the subsidy has already been granted, it will not be increased by this amount, but it will be possible to reallocate the budget and include the amount of € 3,000 in this.

Application periods for 2025

In 2025 there will be two application periods for the SLIM scheme for SMEs (3 March 2025 at 9 a.m. to 31 March 2025 at 5 p.m. and 1 September 2025 at 9 a.m. to 30 September 2025 at 5 p.m.). For alliances there will be a single application period in 2025 (2 June 2025 at 9 a.m. to 30 June 2025 at 5 p.m.).

Budget for 2025

For SMEs a budget of € 12.5 million will be available in both the first and second application periods in 2025. In 2024 the available budgets were € 15 million and € 16,131,000 respectively.

In the case of alliances the budget available in 2025 will be € 20 million, compared with € 22.5 million in 2024.

5.6 SLIM SCHEME: TRAINING SUBSIDY

From March 2025 a training subsidy is likely to be introduced under the SLIM scheme. This subsidy had been announced in an online consultation at the end of November 2024, but had not yet been officially published at the beginning of January 2025. A budget of € 73.8 million will be available for this subsidy up to the end of 2027. It will be possible to use the subsidy to follow training courses (or parts of courses). This will help jobseekers enter the workforce and workers advance to new roles or switch to roles in sectors that are crucial for society.

Development Pathways

The eligible training courses are based on sector-specific Development Pathways, which the Ministry of Social Affairs and Employment and the Ministry of Education, Culture and Science are developing in collaboration with the sectors concerned. Development Pathways provide an insight into how a (prospective) worker can enter the workforce and develop step by step within the sector via various roles or how a worker can switch to a different sector.

Tip:
The training subsidy can be applied for by individual employers, but also by alliances of R&D funds, employer and employee organisations and industry associations.

Crucial sectors
The training subsidy targets sectors that are crucial for society, such as engineering/construction/energy, healthcare & wellbeing, the green sector, childcare, education, ICT, transport and logistics.

5.7 CHANGES TO SALARY COSTS (INCENTIVE ALLOWANCES) ACT
The Salary Costs (Incentive Allowances) Act (Wtl) helps encourage employers to take on and retain people in a vulnerable position on the labour market. From 2025 the Wtl will include just a single instrument. The low-income allowance (LIV) has been abolished as of 1 January 2025, with the youth low-income allowance (youth LIV) having already been scrapped from 1 January 2024.

Abolition of LIV from 2025
The LIV has been abolished as of 1 January 2025. For 2024 you were still entitled to the LIV for employees earning around the minimum wage (average hourly wage of at least € 14.33 up to a maximum of € 14.91). Other conditions applied, including the requirement that the employee was paid for at least 1,248 hours in 2024. Although the LIV has been abolished in 2025, the 2024 LIV will still be paid out in July/August 2025.

Tip:
It is a good idea to check whether the paid hours have been entered correctly on the 2024 payroll tax return. 2024 tax returns and corrections to these tax returns made before 1 February 2025 will be taken into account in the provisional calculation of the 2024 LIV that the employer will receive in mid-March 2025. Corrections made from 1 February 2025, but by no later than 1 May 2025, will be taken into account in the definitive LIV calculation.

Tip:
To mitigate the impact of the abolition of the LIV for social development companies, from 2025 local authorities will receive compensation for the scrapping of this allowance.

Wage-expense allowances
Under certain conditions, you may be entitled to a wage-expense allowance (LKV) for certain groups of employees who have more difficulty finding work. There are four different types of LKV: one for older employees, one for employees with an occupational disability, one for persons within the target group of the job arrangement (*banenafspraak*) and persons with interrupted education (*scholingsbelemmerden*), and one for the redeployment of employees with an occupational disability. If you meet the conditions for several LKVs for an employee, it is only possible to take advantage of one of the schemes (you can choose which one).

Gradual phasing-out of LKV for older employees

From 2025 the LKV for employers who have taken on older workers will be gradually phased out. Whether this happens and how will depend on whether or not the employment relationship commenced before 1 January 2024.

- For employment relationships that commenced before 1 January 2024 the LKV for older employees of € 3.05 per paid hour, with a maximum of € 6,000 per calendar year, will be retained until the end of the maximum period of three years.
- In the case of employment relationships that commenced on or after 1 January 2024 the LKV has been reduced as of 1 January 2025 to € 1.35 per paid hour, with a maximum of € 2,600 per calendar year. From 1 January 2026 these employment relationships will no longer be entitled to the LKV. The 2025 LKV will, however, be paid out in 2026 in these cases.

Please note:

You need to be in possession of a target group declaration for the employee concerned. To obtain this, the employee can submit an application to the UWV or – if he/she is receiving a social assistance benefit – to the local authority. The target group declaration must have been applied for within three months of the individual concerned starting his/her employment.

Tip:

If the employment relationship of your older employee commences in 2025, you should check whether you may also be entitled to the LKV for employees with an occupational disability for the employee concerned. This LKV is not being abolished and also amounts to € 3.05 per paid hour, with a maximum of € 6,000. If you are able to claim the LKV for employees with an occupational disability, you will therefore not be affected by the abolition of the LKV for older employees.

Relaxation of criteria for LKV for redeployment of employees with an occupational disability

From 2025 the criteria applicable to the LKV for the redeployment of employees with an occupational disability are being relaxed. In the case of an employee who, during the waiting period for incapacity for work benefit, resumes all or part of his/her own work or starts working for you in a different role in full or in part, you will remain entitled to this LKV from 2025.

Right to LKV upon transfer of an undertaking

In the event of a transfer of an undertaking, the employees are also transferred to a new employer. The Tax and Customs Administration previously assumed that the right to an LKV never transfers to the new employer in such a situation. On 24 May 2024, however, the Supreme Court ruled that a wage-expense allowance (LKV) does not lapse upon the transfer of an undertaking.

If an undertaking has been transferred in your situation, then the right to an LKV is retained, provided that the conditions for application of the LKV are met. To be entitled to the LKV in 2025, you must check the box for the LKV in your 2025 payroll tax return.

Please note:

The Supreme Court's ruling possibly also applies to takeovers of contracts where a new employer continues the employment contract unchanged.

Other announced changes to LKVs

The Ministry of Social Affairs and Employment is considering even more changes to LKVs. These are set out in the legislative proposal on the job arrangement (*Wetsvoorstel banenafspraak*), which was presented to the Lower House on 17 October 2023 and for which a plenary debate is scheduled in the Lower House on 20 January 2025. The legislative proposal states, amongst other things, that the LKV for persons within the target group of the job arrangement and for persons with an interrupted education will be made permanently available from a certain date. This will bring an end to the current maximum application period of three years. There are also plans to remove the need to apply for a target group declaration. The intended date of entry into force was 1 January 2025, but this deadline was not achieved. If the Upper House passes the legislative proposal by 1 July 2025, it will be possible to keep to the new planned date for its entry into force of 1 January 2026. Should it be passed later than this, it will enter into force on 1 January 2027 at the earliest.

5.8 PARTICIPATION ACT WAGE COST SUBSIDY SCHEME

Under certain conditions, you can receive a wage cost subsidy for employees with an occupational disability who are unable to earn the statutory minimum wage through full-time work. This subsidy makes up the difference between the wage value of an employee and the minimum wage. The maximum subsidy is 70% of the reference monthly wage. You can also receive an allowance for employer's contributions amounting to 25% of the wage bill on which a wage cost subsidy is provided.

You must submit the application for the wage cost subsidy to the local authority in the municipality where the employee is registered. The local authority must issue a decision on the application within five weeks of the wage value being determined (or of a decision that an assessment of the wage value is not required).

Please note:

In principle, applications must be submitted before employment commences or within one month of this point. You can also apply for the wage cost subsidy for specific target groups within six months of employment commencing. This applies in the case of, amongst others, persons leaving special secondary education and persons who have followed practical training or the upper secondary vocational education (MBO) entry course, as well as persons for whom the local authority has responsibility for reintegration.

5.9 OTHER SCHEMES

In addition to the subsidies and allowances described above, there are also other schemes, such as:

- an allowance to create an adapted workplace for an employee with an illness or disability;
- an allowance to provide a job coach to support an employee with an illness or disability;
- a contribution towards payroll costs for employees who are receiving benefits under the Invalidity Insurance (Young Disabled Persons) Act (Wajong) or Full Invalidity Benefit Regulations (IVA) (wage dispensation);
- the possibility of hiring an employee with a no-risk policy;
- the possibility of taking on an employee for two months on a trial basis via a trial placement.

6. INTERNATIONAL

6.1 CHANGES TO 30% SCHEME

The 30% scheme is a tax facility under which, subject to strict conditions, up to 30% of the salary may be paid free of tax to employees recruited from abroad. Such employees are often faced with additional costs: so-called extraterritorial costs. This scheme was set to be restricted, but these restrictions have largely been reversed with effect from 2025. The percentage will, however, be changed to 27% and the salary standards will be increased from 2027.

Balkenende standard as a maximum

Since 2024 the 30% scheme has been subject to a maximum salary, in the form of the so-called Balkenende standard. This maximum will be retained, also in 2025, and will therefore not be reversed. This means that in 2025 the 30% scheme can 'only' be applied to a salary up to a maximum of € 246,000. In 2025 you can therefore pay a maximum of € 73,800 (30% of € 246,000) net under the 30% scheme.

Tip:
You only have to take the Balkenende standard into account from 2026 if you were already applying the 30% scheme for an employee before 2023.

Scaling back of 30% scheme scrapped

Besides the introduction of a salary cap, the 30% scheme was also due to be scaled back from 2024. The effects would not have been felt until 20 months after 1 January 2024, but these changes have now been scrapped.

Rate of 30% retained in 2025 and 2026, but falling to 27% from 2027

Instead, a rate of 30% will apply to all 30% schemes in 2025 and 2026. This will fall to 27% from 2027, however.

Tip:
If you were already applying the 30% scheme for an employee before 2024, you can continue to apply the 30% rate for the whole of the 60-month period, including from 2027.

Salary standard to rise from 2027

The application of the 30% scheme is subject to a number of conditions. One is that the employee has specific expertise that is scarce or not available at all on the Dutch labour market. An employee is considered to meet this specific expertise requirement if his/her pay is above a set salary standard.

For 2025 the salary standard will amount to € 46,660 (2024: € 46,107). In the case of incoming employees who are under the age of 30 and have obtained a master's degree the salary standard will be € 35,468 in 2025 (2024: € 35,048). Both amounts will rise from 2027, to € 50,436 and € 38,338 respectively. These are the amounts based on those that applied in 2024 and will be indexed further in 2027.

Tip:
This increased salary will not apply to persons who were already applying the 30% scheme before 2024.

No salary standard applies to employees who work at a research institute in scientific research or education or employees who are doctors in training to become a specialist (AIOSs).

Please note:
The various transitional arrangements described above will remain applicable if the employee switches to another employer, provided that the 30% scheme continues to apply. This is the case if the new employer and the employee jointly make a request to this effect within four months of the employment commencing and the period between the end of the employment with the old employer and the conclusion of the employment contract with the new employer does not exceed three months.

Choice between 30% scheme and actual costs

Each year you can choose between applying the 30% scheme and reimbursing the actual extraterritorial costs. You make this choice in the first pay period of the calendar year and it then applies for the whole of that calendar year.

Tip:
If you opt to reimburse the actual costs and therefore do not wish to make use of the 30% scheme, the Balkenende standard does not apply.

Decision required

If you want to take advantage of the 30% scheme, you need to apply to the Tax and Customs Administration for a decision for the employee in question. In this decision you will find information including the maximum period for which you can apply the 30% scheme. If you want to apply the scheme from the employee's first working day, make sure that the Tax and Customs Administration receives the application for permission to apply it within four months of the first working day.
The Tax and Customs Administration has a special form for submitting this application.

Please note:
Besides obtaining the decision, you are also obliged to make written agreements on the application of the 30% scheme with your employee, in his/her employment contract or an addendum to it.

Partial foreign tax liability

Employees who take advantage of the 30% scheme did not have to pay any tax on foreign capital income in box 2 and box 3 up to the end of 2024. This is also referred to as the partial foreign tax liability. With effect from 2025 this facility has been withdrawn. This does not apply to situations in which the 30% scheme was already being applied before 2024. In such situations the facility will remain in effect until the end of 2026.

Please note:
From 2025, for employees whose partial foreign tax liability expires in 2025, you can no longer make use of the option of aligning the payroll tax/national insurance contributions that you have to deduct with the income tax and any national insurance contributions that your employee is required to pay.

6.2 30% SCHEME FOR POSTED WORKERS TO BECOME 27% SCHEME

In addition to the 30% scheme for employees recruited from abroad, under certain conditions you can also apply a 30% scheme for certain workers who are posted abroad temporarily. Changes to this scheme have also been announced.

Extraterritorial costs or 30% scheme

If you temporarily post workers abroad, you can reimburse them for the additional accommodation costs they incur outside the Netherlands. Under certain conditions, the reimbursement of these costs (also known as extraterritorial costs) benefits from a specific exemption. That means you do not have to use up any of your fixed budget under the work-related expenses scheme.

For certain workers who are posted abroad temporarily you can also choose to apply the 30% scheme. You can then pay the worker up to 30% of his/her salary, including the allowance, while benefiting from the specific exemption and without the need for evidence.

Please note:
Eligible workers are workers posted to, amongst other places, countries in Africa, Asia, Latin America and some Eastern European countries (including Poland, Romania, Bulgaria and Czechia), as well as workers posted to another country to practise science or provide education.

Conditions of 30% scheme

One of the conditions of this 30% scheme is that the worker is abroad for at least 45 days in a 12-month period. Postings that are shorter than 15 days are not counted in the calculation of these 45 days.

Please note:
If the worker meets the 45-day requirement, postings of at least 10 days are included in the calculation of the number of days to which the 30% scheme can be applied.

Please note:
In contrast to the 30% scheme for incoming workers, no decision by the Tax and Customs Administration is required to apply the 30% scheme for posted workers.

27% from 2027

From 2027 the 30% scheme for posted workers will change. You will then only be able to pay posted workers 27% instead of 30% of their salary (including the allowance) free of tax under the specific exemption.

There will be no transitional arrangements. Consequently, from 2027 the rate of 27% instead of 30% will also apply to workers who were already posted before 2027.

6.3 SOCIAL INSURANCE OBLIGATION FOR CROSS-BORDER TELEWORKERS

Employees who live in another EU country and work for an employer based in the Netherlands can apply to the Social Insurance Bank (SVB) to be granted exceptional status for social insurance purposes if they are teleworking. Under certain conditions, they are then socially insured in the Netherlands instead of their country of residence.

Social insurance in country of employment

For social insurance purposes the general rule is that an employee is covered by social insurance in his/her country of employment. In principle, less than 25% of the employee's working hours may be worked in his/her country of residence. If this limit is exceeded, the employee is socially insured in his/her country of residence.

Framework Agreement

For cross-border workers who telework for more than 25% of their working hours, EU countries have made agreements and set them out in a Framework Agreement. A teleworker is therefore able to remain insured in his/her country of employment in exceptional cases.

Certain conditions apply to qualify for this exception. One of them is that teleworkers must spend less than 50% of their working hours working in their country of residence, or, in other words, must spend at least 50% of their working hours working in the Netherlands.

Applications

Cross-border workers who telework and want to benefit from this exceptional status can request a digital application form from the SVB. They can also do so via their employer. This status can be granted with retroactive effect of up to three months. During this three-month period the teleworker must pay social security contributions in the Netherlands only.

Please note:

For applications made up to 30 June 2024 the status could be applied with retroactive effect of up to one year instead of three months.

6.4 AGREEMENTS ON CROSS-BORDER HOMEWORKING

Netherlands-Belgium

Since 8 December 2023 agreements have been in place with Belgium on the taxation resulting from cross-border homeworking. These agreements relate to the determination of a permanent establishment.

A permanent establishment may apply if a company has access to a space abroad and this is permanently equipped with sufficient facilities – such as personnel and equipment – to allow it to function as an independent business.

Homeworking by a Belgian employee could lead to the creation of a permanent establishment in Belgium for his/her Dutch employer. In the same way, a permanent establishment could be created in the Netherlands for a Belgian employer as a consequence of a Dutch employee working from home. This is not always desirable. For example, if there is a permanent establishment, a corporation tax liability arises in the employee's country of residence in relation to the profits generated from this permanent establishment. If a permanent establishment exists, an employer is also required to deduct payroll tax in the homeworking employee's country of residence.

An agreement between the Netherlands and Belgium published on 8 December 2023 therefore sets out various factors that can be used to assess whether or not a permanent establishment applies.

In addition to these different factors, the following practical guidelines are also provided:

- A permanent establishment does not apply if the employee works from home for 50% or less of his/her working hours over the course of a year.
- A permanent establishment may apply if the employee works from home for more than 50% of his/her working hours over the course of a year. Whether a permanent establishment is deemed to exist in this case depends on the factors set out in the agreement.

This means that the agreements relating to social security and taxation have been brought into line for employees who live in Belgium and work in the Netherlands, and vice versa.

Netherlands-Germany

The Dutch government has tried to make similar agreements with Germany. In the short term, however, Germany is only prepared to agree on a limited day threshold. Unfortunately, agreement has not been reached on further-reaching regulations. This means that alignment between social security and taxation, as has been agreed with Belgium, is unlikely to be achieved with Germany for the time being. However, the Netherlands will continue to endeavour to keep this issue on the agenda internationally and will try to clarify the agreements at EU and OECD level.

Future homeworking threshold

It is possible that, when future changes are made to tax treaties, a so-called homeworking threshold will be introduced. This should prevent situations in which two countries can each levy tax on a portion of a person's income from employment. In anticipation of these possible changes to tax treaties, provisions have already been included in the Income Tax Act that will allow tax to be levied in the Netherlands if the Netherlands has been designated as the country of employment.

6.5 UKRAINIAN EMPLOYEES ON THE PAYROLL

Many employers have taken on Ukrainian employees. Below we set out the most important aspects to be taken into account for this target group.

General

When recruiting foreign workers, employers need to comply with certain laws and regulations. Under the Temporary Protection Directive, Ukrainian refugees are able to stay in the European Union until at least 4 March 2026 without having to apply for asylum.

The website of the Immigration and Naturalisation Service (IND) indicates precisely to whom the Temporary Protection Directive applies.

If a Ukrainian is registered with the municipality, the IND will provide proof of residence. This takes the form of a sticker in the person's passport, a separate piece of paper or a separate pass (O-document). If there is no end date on this proof of residence, it is valid until at least 4 March 2026. If the sticker or pass has a validity date that runs until 4 March 2023, 4 March 2024 or 4 March 2025, the Ukrainian national has received (or will receive) an extension letter from the IND, which means that the sticker or pass will remain valid until 4 March 2026.

Valid proof of residence, allowing the Ukrainian national to demonstrate that he/she has permission to be in the Netherlands, is required to be able to work.

Work permit

As an employer, you do not need to apply for a work permit for Ukrainians. Certain conditions apply, however:

- The employee has an employment contract.
- The employee has Ukrainian nationality and is able to present the sticker or pass (O-document), together with the extension letter.
- Employers must register the new employee with the UWV no later than two working days before the new employee's first day of work. When registering an employee you must provide information on his/her activities, working hours and place of work.

Please note:
Failure to register or register on time constitutes a breach of the Foreign Nationals (Employment) Act.

People who do not have Ukrainian nationality, but were residing in Ukraine with a permanent residence permit or with international protection (e.g. as a recognised refugee) have been granted a temporary extension in anticipation of a ruling by the EU Court of Justice. This Court delivered a judgement on 19 December 2024 in which it ruled that the Netherlands can stop the temporary protection. As the IND needs time to determine what the judgment means in practice, the temporary extension will continue to apply. The IND will issue a notification on the consequences of the judgment by 4 March 2025.

People who are entitled to temporary protection because a family member falls under the Directive will receive a new pass by 4 March 2025 (Foreign National Identity Document Type O), which will be valid until 4 March 2026.

Please note:
Has the employee already been residing in the Netherlands for at least six months and do you have the full address where your employee is living in the Netherlands? If so, for payroll tax you can assume that this address is the place of residence for tax purposes and that the Netherlands is the country of residence for tax purposes. You can apply the payroll tax table for a Dutch resident. The situation may be different when it comes to the Ukrainian's income tax return, as the place of residence for tax purposes has to be determined and this can differ from the address where he/she is living.

Notification of changes to UWV

If certain changes are made to the employment relationship of a Ukrainian employee who falls under the Temporary Protection Directive, you need to notify the UWV of these changes using the form Doorgeven wijziging van een tijdelijk beschermde werknemer uit Oekraïne (Notification of change for a Ukrainian employee with temporary protection). This applies in the event of the following changes:

- The Ukrainian employee will be employed for a longer or shorter period.
- The Ukrainian employee will be employed in a different role.

6.6 WORK PERMIT FOR ASYLUM SEEKERS

An asylum seeker for whom you have received a work permit (TWV) is allowed to work for you. There is no limit on the number of weeks per year that the asylum seeker may work. However, asylum seekers can only start work if the processing of their asylum application has been in progress for at least six months.

Please note:
You do not need to apply for a work permit for status holders (asylum seekers with a residence permit).

The work permit of an asylum seeker is valid for the duration of the Foreign National Identity Document (W-document). The permit application should be submitted to the UWV.

If you have any questions about work permits or foreign employees, the National Labour Migration Advice Centre (*Landelijk Steunpunt Arbeidsmigratie* (LSA)) can offer you support. The LSA can support employers from the beginning of the process of looking for new employees.

7. EMPLOYMENT LAW AND SOCIAL SECURITY LAW – MISCELLANEOUS

7.1 INCREASE IN STATUTORY MINIMUM HOURLY WAGE

The statutory minimum wage is indexed twice a year: on 1 January and 1 July. From 1 January 2025 the statutory gross minimum hourly wage for employees aged 21 or above is increasing to € 14.06 (compared to € 13.27 on 1 January 2024 and € 13.68 on 1 July 2024).

Practical

- The minimum wage per period (week, four weeks or month) can be calculated by multiplying the number of hours worked in that period by the statutory minimum hourly wage.
- For employees between the ages of 15 and 20 minimum youth hourly wages apply, which have been derived from the statutory minimum hourly wage.
- The statutory minimum hourly wage that applies, in view of the employee's age, must be indicated on the payslip, along with the period to which the payslip relates.
- The gross amounts of the minimum hourly wage applicable from 1 January 2025 for all age groups and for people following the work-based learning pathway (BBL) can be found at the end of this document.

7.2 TRANSITION PAYMENT

An employee is entitled to a transition payment if he/she is made redundant at the employer's initiative. The level of the transition payment depends on the employee's salary and the number of years of service. In 2025 the maximum transition payment is € 98,000 (2024: € 94,000), or a year's salary if higher.

Tip:

As an employer, you may be able to obtain compensation from the UWV for the transition payment. You will find the conditions for compensation of the transition payment in the event of long-term incapacity for work here and the conditions for compensation of the transition payment in the event of discontinuation of a business here.

Please note:

The outline agreement concluded by the coalition of the PVV, VVD, NSC and BBB parties on 16 May 2024 includes the plan to restrict the compensation of the transition payment in the event of redundancy due to long-term incapacity for work to small employers only (with fewer than 25 employees).

7.3 NEW RULES ON CHILD LABOUR

A number of rules relating to child labour were amended with effect from 18 November 2024. The changes relate, amongst other things, to working on non-school days, on Sundays and in hospitality spaces.

Young people aged 13 and 14

On school days, young people aged 13 and 14 are allowed to do jobs around the house and in the local area for a maximum of 2 hours per day between 7 a.m. and 7 p.m. On non-school days and during the holidays they may also perform light, non-industrial work for a maximum of 7 hours per day between 7

a.m. and 8 p.m.; such work may include stacking supermarket shelves or delivering printed advertising material.

Please note:
During a school week young people of these ages may work for a maximum of 12 hours per week; this increases to a maximum of 35 hours per week during a holiday week. They are allowed to work on no more than 5 days per week. In addition, they may work during a maximum of 4 holiday weeks per year, of which no more than 3 may be consecutive weeks.

Young people aged 15

On school days, young people aged 15 are allowed to work for a maximum of 2 hours per day between 7 a.m. and 7 p.m. On non-school days, they may work for a maximum of 8 hours per day between 7 a.m. and 8 p.m. and during the holidays for a maximum of 8 hours per day between 7 a.m. and 9 p.m.

Please note:
During a school week young people of this age may work for a maximum of 12 hours per week; this increases to a maximum of 40 hours per week during a holiday week. They may work during a maximum of 6 holiday weeks per year, of which no more than 4 may be consecutive weeks.

Young people aged 15 are allowed to perform light work independently, but not work that involves using or is close to machines. Other work that is not permitted includes working at a checkout, delivering meals or shopping on a bicycle or e-bike, or lifting, pushing or pulling heavy objects.

Please note:
Different maximum hours apply to 15-year-olds who are exempt (or partially exempt) from the obligation to attend school.

Sunday work for young people up to the age of 16

Young people aged 13, 14 and 15 must be given the Sunday off work in at least 5 out of 16 consecutive weeks. If they work on the Sunday, they must be given the Saturday off.

Hospitality work for young people up to the age of 16

Young people up to the age of 16 are not allowed to work in a space where alcoholic drinks are (or may be) served, such as a bar or restaurant. They may, however, work in other hospitality spaces, such as kitchens and other spaces with no customer contact.

Consultation is mandatory

Consultation must take place with the organisation's participation body, i.e. the works council or the employee representative body or employee meeting, regarding changes to working hours and/or Sunday work.

Please note:
The parents/carers must also have agreed to the working hours and Sunday work.

Young people aged 16 and 17

Young people aged 16 and 17 are allowed to work for a maximum of 9 hours per day between 6 a.m. and 11 p.m. They must have at least 12 hours of rest per day. Almost any type of work may be performed by 16 and 17-year-olds. Certain dangerous activities are only permitted under expert supervision.

Please note:

They can work for a maximum of 45 hours per week and a maximum of 160 hours in every 4-week period. If they work on Sundays, they must in principle be given at least 13 Sundays off in every 52-week period.

7.4 HOLIDAY DURING A PERIOD OF ILLNESS OR SUSPENSION

As an employer, are you allowed to actually deduct any holiday that your employee takes during a period of illness or suspension from his/her leave balance? Are there circumstances in which this is allowed or prohibited?

Facts

An employee was not performing satisfactorily. The employer informed him of this, after which the employee carried on working for a certain period. A few months later, on 28 February 2023, the employee reported sick. On 24 April 2023 he was suspended/granted leave from work by the employer. Over this period he took 15 days of holiday. This was holiday leave that had already been booked before the employee reported sick. The employee did not agree with the employer deducting these days from his leave balance and took the matter to court.

Judgment of the court of appeal

The subdistrict court ruled against the employee. However, he had more success before the court of appeal. The court of appeal ruled that the 15 days of holiday taken could not be deducted from his leave balance. It referred to an earlier judgment by the Supreme Court of 17 November 2023. In that judgment the Supreme Court referred to the law stating – insofar as it is relevant – that: “Days or part-days on which the employee is sick during booked holiday leave are not regarded as holiday, unless the employee agrees to this, should this situation arise. (…)”.

Holiday leave already booked before illness?

The purpose of this provision is to ensure that an employee who falls ill before or during a period of holiday leave that has already been booked retains these holiday days so that he/she can take them at a later time. This therefore means that an employee must expressly and specifically agree to the deduction of holiday days from his/her leave balance, each time a circumstance that results in his/her absence actually arises.

No debiting from leave balance

In this case it was not claimed and it did not emerge that the employee had expressly and specifically agreed to the 15 holiday days that he had taken during the period of illness/suspension being deducted from his leave balance. Consequently, the employer was not allowed to debit these days from the employee’s leave balance.

7.5 'PRACTICAL ASSESSMENT' OF WIA APPLICATIONS SINCE JULY 2024

Due to a shortage of insurers' medical advisors, the UWV is facing backlogs when it comes to assessing applications for incapacity for work benefit (WIA applications). To ease the pressure on medical advisors, since 1 July 2024 a practical rather than a theoretical assessment has been performed.

A simplified assessment for persons over the age of 60 was previously introduced (in October 2022) to address the problems caused by the shortage of such advisors. This ran until the end of 2024. This simplified assessment meant that – if the employer and employee agreed to it – a sick employee over the age of 60 was granted a benefit based on 80%-100% incapacity at the end of the waiting period, without any involvement on the part of an insurer's medical advisor. If, however, a penalty has been imposed due to insufficient reintegration efforts on the part of the employer or the payment of salary has been extended voluntarily, the original end of the waiting period is considered. If this fell in 2024, the simplified assessment can therefore still be carried out from 2025.

Under the rules that applied up to 1 July 2024, employees who still had income from employment were subject to both a practical and a theoretical assessment (an estimate of what the employee could still earn in theory). Whether or not incapacity for work benefit was granted was then determined on the basis of the assessment that resulted in the lowest level of incapacity for work. The 'practical assessment' measure means that the theoretical estimate is dispensed with, in cases where a practical assessment is possible. This is expected to allow around 2,000 to 3,000 additional incapacity for work claims to be assessed each year. The measure was introduced on 1 July 2024 for a three-year period.

Please note:
The 'practical assessment' approach applies to all WIA assessments relating to a date or a period that falls on or after 1 July 2024. It therefore applies to an assessment of an incapacity for work benefit claim, a reassessment of such a claim, an assessment of the reinstatement of an incapacity for work benefit entitlement that has ended and an assessment of whether such an entitlement has arisen after the end of the waiting period.

7.6 UWV MAY ALLOCATE ADVANCE ON INCAPACITY FOR WORK BENEFIT TO SELF-INSURER

The Central Appeals Tribunal (CRvB) has ruled that, following the change to the law on 1 January 2022, the UWV is allowed to charge advance payments on incapacity for work benefits for a sick employee to a self-insurer.

Self-insurer under WIA

A home-care organisation was a self-insurer under the Work and Income (Capacity for Work) Act (WIA). This means that, after an employee has been sick for two years, the company itself bears the risk regarding the payment of incapacity for work benefits, if the employee is entitled to them. The self-insurer is financially responsible and also has a reintegration obligation. If an employee is entitled to an incapacity for work benefit, the UWV informs the self-insurer of this, stating that payment will be at the self-insurer's expense ('allocation'). The UWV then pays the incapacity for work benefit to the employee and invoices the costs to the self-insurer each month ('recovery').

Advances on incapacity for work benefit

After having been unfit for work for two years, an employee from the home-care organisation applied to the UWV for incapacity for work benefit. As a result of backlogs, the UWV was unable to determine in time whether the employee was entitled to these benefits and consequently paid out advances, in anticipation of the WIA examination. The UWV charged the advance payments to the home-care organisation, which appealed against them. The district court found in favour of the home-care organisation, but the UWV was successful on appeal to the CRvB.

Recovery possible from 1 January 2022

On 1 January 2022 the WIA was amended to include a provision stating that the UWV was allowed to recover advances on incapacity for work benefits from self-insurers. However, the amended Act does not state explicitly that the UWV can also allocate the advance payments to the self-insurer. According to the CRvB, the amended provision on recovering advance payments would be pointless if the UWV were not allowed to allocate them. Allocating the advance payments is, after all, a necessary step to be able to recover them from self-insurers.

...but not before 1 January 2022

The CRvB therefore found in favour of the UWV. The UWV was allowed to charge the home-care organisation for the advances paid. Previously, the CRvB had ruled that the UWV was not permitted to do this, but that case dated from before the change to the law on 1 January 2022.

Please note:

This judgment is therefore relevant to cases dating from after the law was changed on 1 January 2022.

7.7 PROPOSED REFORMS OF NON-COMPETITION CLAUSE

There are plans to reform the non-competition clause. The legislative proposal on tightening up this clause was put out for online consultation in the first half of 2024. This consultation covered the following proposed changes:

- The duration of the non-competition clause must be indicated in writing and a non-competition clause with a duration of more than 12 months will be invalid. If the duration is not indicated and the reasons for it are not set out in writing, the clause will also be invalid.
- The geographic scope must be stated in writing and the reasons for it provided, otherwise the clause will be declared invalid.
- The reasons for including the clause must be set out and it must be clear from them which compelling company or business interests the employer has that justify a non-competition clause. If these reasons are not provided, the clause will be invalid.
- It will be mandatory for 50% of the monthly salary to be paid – in advance – if the employer wishes to hold the employee to the non-competition clause. If the employer fails to make the payment, or fails to do so on time, he may not hold the employee to the clause. If an employer wishes to hold a former employee to the non-competition clause for 12 months, he must therefore make 6 monthly salary payments by the last day of employment at the latest. If the employer fails to make the payment on time, the clause will therefore be invalid, but the employer will still be obliged to make the payment.
- The employer must inform the employee in writing, no later than one month before the end of the employment relationship, of whether he wishes to hold the employee to the clause and, if so, for how long. He must then make the relevant payment that applies for this period.

The former minister explored the possibility of introducing statutory provisions that would result in non-competition clauses being declared invalid if an employee earns 1.5 times the average salary or less, and presented a letter to Parliament on this on 17 June 2024. This possibility was explored in response to a motion tabled on this matter. However, the inclusion of such a salary threshold would further limit employers' options with regard to protecting their legitimate interests. The provisions therefore need to be substantiated and developed further in a number of areas. The former minister has left it to the next government to form an opinion and reach a decision on this matter.

Please note:
A definitive legislative proposal has not yet been published. Once it has been it will still have to pass through the Lower and Upper House. It is therefore not yet known when the proposed changes are due to take effect.

7.8 REFORM OF UNEMPLOYMENT INSURANCE ACT (WW)

The outline agreement concluded by the coalition of the PVV, VVD, NSC and BBB parties on 16 May 2024 includes the plan to reform the Unemployment Insurance Act (WW) from 2027. The details of this reform have not yet been worked out. Consideration is being given to extending the notice period for employment contracts, in combination with an assessment of whether sufficient reintegration efforts have been made (*poortwachterstoets*) or a reduction in the duration of unemployment benefit to 18 months. Various options will be worked out in more detail in 2025.

Please note:
If the reduction in the duration of unemployment benefit is implemented, this will also mean that the duration of the wage-related benefit under the Return to Work (Partially Disabled) Regulations (WGA) will also be reduced, as this corresponds directly to the duration of unemployment benefit.

7.9 GETTING MORE PEOPLE WITH AN OCCUPATIONAL DISABILITY INTO WORK

A legislative proposal to simplify the job arrangement for persons with an occupational disability (*banenafspraak*) and the associated quota system has been submitted to the Lower House. The aim is to encourage employers to take on people with an occupational disability.

Banenafspraak

The *banenafspraak* was drawn up in 2013 by the government and employers' and employees' representatives. In it they agreed to create 125,000 extra jobs at ordinary employers for people with an occupational disability. Their aim is to achieve this target by 2026. At the end of 2022 more than 81,000 jobs had been created.

Same *banenafspraak* for public and private sectors

At present, separate quotas have been set for the public and private sectors with a view to eventually achieving the target of 125,000 extra jobs. The plan now is to switch over to a single *banenafspraak*, so that it no longer makes a difference who a person's employer is. The public sector is currently falling short of its job-creation target. Consequently, public-sector employers will first need to create more jobs before this distinction between the market and the public sector is removed.

Quota system

The *banenafspraak* includes a quota system as a 'stick' for situations in which employers fail to achieve the agreed number of jobs. If this quota is not achieved, a levy will be imposed. However, this quota system has been deferred numerous times and has still not been introduced. The quota system will remain in place in the new legislation.

Tip:

Employers who achieve good results within the quota system will receive a bonus in the form of a higher wage expense allowance.

Please note:

This is a legislative proposal and still has to be approved by the Lower and Upper House.

7.10 PRIVATE MEMBER'S BILL ON STATUTORY BEREAVEMENT LEAVE

In July 2024 a private member's bill on the introduction of bereavement leave was submitted to the Lower House. This bill puts bereavement leave on a statutory footing. At present, there is only an entitlement to short-term leave in the event of the death of a relative. This leave depends on the degree of relationship and often only lasts up to the day of the funeral. In many cases this is regulated in the collective labour agreement.

Duration and conditions of bereavement leave

The statutory bereavement leave presented in the bill will be taken in the event of the death of a partner if the employee looks after one or more minor children or in the event of the death of a minor child. Employees who find themselves in such a situation will be given the opportunity to take at least one times their weekly working hours as bereavement leave. The employer must continue paying their salary during this period of leave.

The leave can be taken flexibly from the day after the funeral/cremation to one year after the death of the loved one.

It is possible to deviate from the minimum duration in the employee's favour or to allow bereavement leave to apply in more situations. However, employers can argue that a compelling company interest applies that prevents the leave from being taken.

Financial consequences

The financial consequences for employers are estimated to amount to four million euros per year. In all likelihood, some of these costs are already being incurred by employers, but currently fall under sickness absence or existing, non-statutory bereavement leave schemes.

Please note:

The bill is yet to be debated in the Lower House. It will then have to be passed by both the Lower and Upper Houses.

7.11 NOTIFICATION OBLIGATION FOR ORGANISATIONS THAT MAKE WORKERS AVAILABLE

Since October 2023 a legislative proposal has been before the Lower House that aims to introduce a public accreditation system for companies or legal entities that make workers available (the Labour Provision (Accreditation) Act) (*Wet toelating terbeschikkingstelling van arbeidskrachten*).

What this means for suppliers

The above means that, from a date to be determined, organisations that supply workers, such as employment agencies, will only be permitted to make workers available if the organisations have been accredited by the Minister of Social Affairs and Employment. To obtain such accreditation, they will have to meet a number of conditions: the framework of standards. For example, they must submit a declaration of good conduct (VOG) and provide financial security in the form of a deposit. In addition, they must demonstrate, initially when the application is made and periodically thereafter, that they comply with relevant employment laws as well as tax and social security laws in the sector.

Application for accreditation

A supplier of personnel will have to submit an application for accreditation to the Ministry of Social Affairs and Employment. If it meets the conditions for accreditation and is actually accredited, it may then make workers available.

Who are regarded as suppliers?

The legislation focuses on parties that make workers – including freelancers – available to third parties (as referred to in the Placement of Personnel by Intermediaries Act (WAADI)), excluding the supply or hiring and supply of employees on an intra-group basis. It will not include any sector-specific exceptions. An exception will only be possible if it becomes apparent that the accreditation obligation is placing excessive demands on a particular sector.

Suppliers are considered to include:

- Employment agencies
- Secondment companies
- Suppliers of freelancers

Exemption

Companies that make workers available on a very limited basis can apply for an exemption, subject to the following conditions:

- the salary is paid for a period of at least 12 months;
- the amount paid to people who have been made available is less than 10% of the wage bill;
- the total amount paid to people who have been made available is less than € 2,500,000.

What this means for hirers

Once this legislation has been introduced, hirers will only be allowed to work with suppliers who have been accredited by the minister. A public register will allow them to see the suppliers who are legally permitted to make workers available on the basis of the accreditation system.

Supervision and enforcement

The Netherlands Labour Authority will supervise the accreditation obligation and will be able to fine suppliers and hirers if they fail to observe the rules of the accreditation system.

Please note:
This is a legislative proposal and still has to be approved by the Lower and Upper House. The date originally planned for its entry into force in 2026 has been deferred again, as designating the agency that will implement the Act has been more complex than expected. It is being examined whether the role of the accrediting body could be carried out within the Ministry of Social Affairs and Employment. An answer to this question is expected in January 2025. The minister also hopes to be able to announce a new planned date for the entry into force of the Act at that time. On 17 December 2024 the Lower House passed a motion asking the government to aim for 1 July 2026 as the date on which the Act will take effect.

7.12 OVERTIME ALLOWANCE FOR PART-TIME WORKERS

The Court of Justice of the EU (ECJ) has ruled that part-time workers who work extra hours on top of their part-time contract are entitled to an allowance for these additional hours worked if full-time employees also receive such an allowance. Otherwise, in the ECJ's view, it would be a question of unjustified unequal treatment of part-time workers compared to full-time workers.

What did the case involve?

This case concerned nurses in Germany who were working in a medical laboratory. The normal weekly working hours of a full-time worker were an average of 38.5 hours per week. Under the applicable collective labour agreement an overtime allowance of 30% applied, but only for hours in excess of the working hours per calendar month of a full-time worker.

Two nurses who worked part-time believed that they were also entitled to this allowance for the hours they worked on top of the working hours agreed in their employment contracts up to the limit of 38.5 hours. The practice was for such hours to be paid as 'ordinary hours'.

Please note:
Such a provision is also not uncommon in Dutch collective labour agreements. The ECJ's ruling is therefore also relevant for Dutch practice and collective bargaining negotiations.

Unjustified unequal treatment

The ECJ held, amongst other things, that the existing arrangements could encourage employers to make part-time workers work overtime instead of full-time workers, as they would not have to pay an allowance on at least a portion of the extra hours. In the ECJ's opinion there will be no disadvantage for full-time workers. After all, if extra hours are immediately regarded as overtime hours, full-time workers and part-time workers will both be being treated in the same way.

In other words, the agreed working hours must be taken as a benchmark and starting point. The ECJ considers the discrepancy in remuneration for hours worked on top of agreed working hours to be in contravention of the Part-time Work Directive.

Please note:
There is a risk that, based on this case-law, part-time workers may make a pay claim extending up to five years into the past.

Please note:
Check the collective labour agreement or employment conditions that apply within your company. A provision stating that an overtime allowance only has to be paid on hours above full-time hours may not be valid. After all, there is a risk that, notwithstanding the collective labour agreement, an overtime allowance may also have to be paid to part-time workers who work more than their contracted hours.

7.13 START-UP TIME QUALIFIES AS WORK TIME

The Supreme Court has ruled that the ten-minute period during which a call-centre employee had to be present before his/her working hours commenced must also be regarded as paid work time.

Facts

This case concerned a call-centre employee who had to be present ten minutes before the start of his shift. A discussion had arisen regarding whether, under the scheduling rules applicable at the employer, the employee was obliged to be present ten minutes before the start of a scheduled shift to carry out preparatory activities.

Log-in time is work time

The employee's view was that this was work time and that he should therefore be paid for it. His employer disagreed with this position. Both the district court and the court of appeal had previously found in favour of the employee.

Supreme Court

The Supreme Court also ruled that this is indeed time that is not at the employee's free disposal and must therefore be regarded as work time. After all, the employees had to be present in advance to be able to log in, so that they could start their work precisely on time.

Please note:
If, as an employer, you require an employee to arrive earlier to take care of preparatory activities, this therefore qualifies as work time that has to be paid.

7.14 RIGHT TO UNEMPLOYMENT BENEFIT AFTER INCLUSION OF EARLY TERMINATION CLAUSE IN TERMINATION AGREEMENT

Is an employee entitled to unemployment benefit if he concludes a termination agreement with his employer and the possibility of terminating the employment contract prematurely is only included in this termination agreement? The UWV did not think so, but the Central Appeals Tribunal ruled otherwise.

Fixed-term employment contract cannot be terminated

If parties enter into a fixed-term employment contract with each other, the end date of which is defined as a specific calendar date, in principle they are bound to each other for the duration of the employment contract. This means that – other than in exceptional circumstances, such as cases of instant dismissal – they are unable to part company prematurely.

Exception: early termination clause

The situation is different if an early termination clause has been agreed. In this case the employee can terminate the employment relationship prematurely, with due consideration for the applicable notice period.

The employer is also able to terminate the employment contract prematurely in such a case, but, depending on the reason for dismissal, must contact the UWV to obtain a dismissal permit or must bring the matter before the subdistrict court to have the employment contract dissolved.

Another possibility is to terminate the contract by mutual consent, which usually involves drawing up a termination agreement.

Early termination clause agreed at a later point

Can an early termination clause also be agreed at a later point and, if so, what does this mean for any unemployment benefit rights that an employee may have? The UWV took the view that an early termination clause could only be agreed in an addendum to the employment contract or must be provided for in the collective labour agreement. In other words, in the UWV's opinion, it was not possible to include such a clause in a termination agreement, for example. It believed that in this case a ground for exclusion from entitlement to unemployment benefit would apply.

Please note:

Grounds for exclusion are objective criteria that the UWV uses to determine whether unemployment benefit can actually be paid out. Examples of grounds for exclusion include failure to observe the applicable notice period, detention and residence abroad other than for a holiday.

Ruling of Central Appeals Tribunal

The Central Appeals Tribunal (CRvB), the highest administrative court, has ruled that, with regard to the ground for exclusion relating to temporary contracts, the Unemployment Insurance Act refers to the possibility included in the Civil Code of agreeing an early termination clause. Such a clause must be entered into in writing. No mention is made of the time when it must be agreed. The CRvB therefore concludes that such a clause may also be included in a termination agreement at a later point. No ground for exclusion therefore applies in such a case.

7.15 EMPLOYMENT CONTRACT DISSOLVED DESPITE MENTAL HEALTH PROBLEMS DUE TO FAILURE TO COMPLY WITH REINTEGRATION OBLIGATION

A court dissolved the employment contract of an employee who failed to comply with his reintegration obligations after falling ill. It held that the ban on termination that applies in the event of incapacity for work due to sickness was not applicable in this case. However, the court did award a transition payment.

The case

An employee who was working as a waiter at a beach resort reported sick. The occupational health physician said that although he was unfit to perform his own work, the employee could be reintegrated into adapted work, e.g. administrative tasks. It subsequently proved impossible to make an appointment with the employee to draw up a reintegration action plan. The employee was asked to attend on a specific date and at a specific time to draw up the action plan. He was told that if he did not

appear, payment of his wages would stop. The employee failed to attend and the announced measure was put into effect.

Expert opinion

The employer then requested an expert opinion from the UWV. In this the view was taken that the employee had failed to cooperate sufficiently with his reintegration.

Request for dissolution of employment contract without transition payment

In the end the employer brought the matter before the subdistrict court and asked for the employment contract to be dissolved, on account of serious culpable behaviour on the part of the employee, without awarding any transition payment. The administrator representing the employee put forward a defence against the employer's argument.

Subdistrict court: employee is culpable, but not seriously

The court found that the ban on termination was relevant given that the employee was unfit for work due to sickness, but that in this case it was not applicable, as the employee had failed to comply with his reintegration obligations. An additional consideration was that the employee's actions could not be seen entirely in isolation from his mental health problems. He had a paranoid psychotic disorder, as a result of which he experienced phases in which he shut himself off and avoided contact. Due to his psychological problems, it was likely that the employee was not always aware of his reintegration obligations. This meant that the culpable behaviour by the employee did not qualify as serious culpable behaviour.

Dissolution of employment contract, but with transition payment

The employer in question did things by the book and took the correct steps:

1. The employer issued a written demand to the employee asking him to comply with his reintegration obligations;
2. It stopped the payment of his wages for this reason;
3. It also obtained an expert opinion from the UWV regarding the employee's reintegration.

The court therefore dissolved the employment contract, but awarded a transition payment. The employee's administrator was ordered to pay the costs of the proceedings.

8. SELF-EMPLOYED PERSONS

8.1 CURRENT LEGISLATION AND CASE-LAW ON EMPLOYMENT RELATIONSHIPS

It is important for employers, or contracting organisations, to check whether a person is working for them in a genuinely self-employed capacity or whether it is a case of bogus self-employment. If a self-employed person subsequently proves to have been working as an employee, this can end up costing the contracting organisation a significant amount.

Employee as defined by law

For a person to be considered an employee, the law (Article 7:610 of the Civil Code) requires that:

- the employer has authority to issue directions and instructions (relationship of authority);
- the work is carried out personally;
- the employer pays a wage by way of consideration for the work performed.

Case-law: Deliveroo

In the Deliveroo judgment the Supreme Court clarified that, to determine whether there is a relationship of authority, the court can also consider whether the work carried out is 'organisationally embedded' in the organisation and thus forms part of the employer's normal business. However, this is only one of the circumstances to be taken into account. It is necessary to consider all the circumstances of the case holistically. Relevant factors here may include:

- the nature and duration of the work;
- how the work and the working hours are determined;
- the extent to which the work and the person carrying it out are embedded in the organisation and operations of the party for whom the work is being performed;
- whether or not there is an obligation for the work to be carried out personally;
- how the contract governing the relationship between the parties was concluded;
- how the remuneration is determined and how it is paid;
- the level of this remuneration;
- the question of whether the person performing the work bears any commercial risk.

It may also be relevant whether the person performing the work acts (or is able to act) as an entrepreneur on the market. This may relate to aspects such as building a reputation, customer acquisition, tax treatment, the number of clients for whom he/she works or has worked and the period for which he/she generally works for a particular client.

8.2 LEGISLATIVE PROPOSAL ON CLARIFYING ASSESSMENT OF EMPLOYMENT RELATIONSHIPS AND LEGAL PRESUMPTION

In the autumn of 2023 an online consultation was held relating to the legislative proposal for the 'Assessment of Employment Relationships and Legal Presumption (Clarification) Act'. The aim of this Act is to resolve the issue of bogus self-employment. Bogus self-employment arises in particular due to a lack of clarity regarding fulfilment of the authority criterion. The legislative proposal aims to clarify this authority criterion in Article 7:610 of the Civil Code.

Draft legislative proposal: ABC test

The draft legislative proposal stated that a relationship of authority applied if (ABC test):

a) the work is performed under the direction of the employer, as regards the content of the work;
b) the work or the worker is organisationally embedded in the employer's organisation;
c) the worker does not perform the work at his/her own risk and expense.

Amendment: WZOP test

At the end of June 2024 the legislative proposal was submitted to the Council of State in amended form for advice. The ABC test was replaced with the WZOP test:

- w: indicators of employee status (w = *werknemer* (employee)) (main element)
- z: indicators of self-employment within the working relationship (z = *zelfstandige* (self-employed person)) (contra-indicators)
- op: entrepreneurship outside the working relationship (op = *ondernemerschap* (entrepreneurship)) (decisive in the event of doubt)

Whereas the draft legislative proposal from October 2023 distinguished between an indicator 'a' (direction as regards content of work) and an indicator 'b' (organisational embedding), the amended proposal refers only to an indicator 'w' (employee).

Employee

To determine whether a person should be regarded as an employee, the following indicators can be considered:

- the employer's authority to issue instructions;
- the possibility for the employer to supervise and intervene;
- whether the work is performed within the organisation's organisational framework;
- whether the work is of a permanent nature within the organisation;
- whether the person performs the work alongside employees carrying out similar activities.

It is notable that the indicator 'the work forms part of the organisation's core activity' no longer appears as an independent element in the new assessment framework.

Self-employed person

Indicators that a person is working in a self-employed capacity within the working relationship:

- the worker bears the financial risks and responsibility for results;
- the worker is personally responsible for equipment, resources and materials;
- the worker has specific training, work experience, knowledge or skills that is/are not permanently present within the organisation;
- during the work the worker presents him/herself independently to the outside world;
- the assignment is of short duration or for a limited number of hours per week.

Entrepreneurship

Characteristics that point to entrepreneurship of an individual worker (general entrepreneurship) in respect of similar activities:

- the worker has multiple clients per year;
- the worker invests time and/or money into building a reputation and finding new customers or clients;
- the worker has substantial business investments;

- the worker acts as an independent entrepreneur from an administrative perspective: he/she is registered with the Chamber of Commerce, is VAT-registered and/or is entitled to tax advantages associated with entrepreneurship.

Please note:
The 'op' (entrepreneurship) element of the WZOP test is only relevant if it is unclear whether a person should be regarded as an employee or a self-employed person.

Legal presumption

The legislative proposal also states that whether or not an employment contract exists can be determined on the basis of a certain hourly wage. If a worker earns less than € 33 – this amount is indexed periodically – an employment contract is assumed to exist. This legal presumption can be invoked by the worker (or his/her representative). It is a rebuttable legal presumption. This means that an employment contract does not apply automatically, but that, if a worker is being paid at a rate below the standard, he/she can invoke the legal presumption that an employment contract exists and can more easily demand an employment contract (from his/her own employer and, if necessary, via the civil courts). It is then up to the employer to rebut this legal presumption.

Advice of Council of State

The Council of State issued its advice on 11 November 2024. Its view is that the legislative proposal does not fundamentally reform the labour market, but mainly codifies existing law. In the opinion of the Council of State the legislative proposal fails to resolve the problems.

8.3 ENFORCEMENT OF LAW RELATING TO BOGUS SELF-EMPLOYMENT FROM 2025

There is a presumption that in too many cases the use of self-employed persons is not in line with legislation and is bogus self-employment. In principle, the question of whether an employment contract (employee) or a contract for services (self-employed person) applies is assessed by the contracting organisation and the worker. In practice, this assessment is difficult to perform.

Moratorium on enforcement in 2024

A moratorium on enforcement still applied in 2024. This meant that, if an employment relationship was deemed to apply, in 2024 the Tax and Customs Administration only imposed correction obligations, additional assessments and possible fines in the event of malicious intent. In all other cases the Tax and Customs Administration merely issued an instruction, which the employer had to comply with.

Enforcement from 2025

With effect from 1 January 2025 the moratorium on enforcement in relation to employment relationships has been lifted entirely. This means that from 1 January 2025 the Tax and Customs Administration will start taking full enforcement action again if a working relationship has been incorrectly classified.

In principle, however, it will start in 2025 by making company visits during which discussions will be held with the contracting organisation on the hiring of self-employed persons and external personnel. Where necessary, the contracting organisation will be made aware of the need to pay attention to the classification of employment relationships and the possible risks of bogus self-employment. In this way the contracting organisation will be warned about the risks. The Tax and Customs Administration may

also choose to carry out an audit, if, for example, it considers there to be significant risks or if the contracting organisation is working or continuing to work with bogus self-employed workers.

Following such an audit the Tax and Customs Administration will in all cases be able to impose correction obligations and additional assessments. It may only impose corrections with retroactive effect from 1 January 2025, unless it is a question of malicious intent.

For the 2025 calendar year no default or negligence penalties will be imposed on employers or workers if they can demonstrate that they are taking steps to prevent bogus self-employment. This means that there will be a soft landing. A transitional period of one year will apply during which the Tax and Customs Administration will focus in particular on whether organisations have made serious efforts to combat bogus self-employment.

The Tax and Customs Administration has published an explanation in which it describes how employment relationships will be assessed. The Handhavingsplan arbeidsrelaties 2025 (2025 employment relationships enforcement plan) describes the enforcement action that the Tax and Customs Administration will take in 2025.

Please note:
Since 6 September 2024 the Tax and Customs Administration has no longer been approving any new model agreements. However, all current approved model agreements have been automatically extended until the end of 2029. The Tax and Customs Administration may nevertheless withdraw a model agreement if it no longer complies with the legislation and case-law or if it emerges that the conditions of the model agreement are not being or cannot be followed.

Preliminary consultation

The Tax and Customs Administration has published the form Verzoek vooroverleg beoordeling arbeidsrelatie (Request for preliminary consultation on assessment of employment relationship). You can use this form if you want the Tax and Customs Administration to assess an employment relationship. Also use the Checklist vooroverleg beoordeling arbeidsrelatie (Preliminary consultation on assessment of employment relationship checklist). This checklist tells you the minimum information that you need to include in your request.

Risk for contracting organisation/employer

If it subsequently becomes apparent, when an employment relationship is reclassified, that an employment contract applies, the contracting organisation runs the risk of having to pay (backdated) payroll tax, leave, holiday allowance, contributions to employee insurance schemes and the employer's portion of the pension contribution. From 2026 it will also be possible for a penalty to be imposed earlier in the event of malicious intent.

8.4 COMPULSORY INVALIDITY INSURANCE FOR SELF-EMPLOYED PERSONS

The government wants to make it compulsory for self-employed persons to be insured against loss of income in the event of incapacity for work. Such compulsory insurance would mean that self-employed persons would receive a payment if they were unable to earn the minimum wage due to long-term sickness. Under certain conditions, they would also have the option of taking out private insurance instead of the compulsory insurance. It may, however, take some time for this compulsory insurance to be introduced.

Insufficiently insured

According to the government, self-employed persons are currently insufficiently insured against incapacity for work. This is due to the high costs involved, but self-employed persons may sometimes also be unable to obtain insurance because of their age or a medical condition. The Basic Invalidity Insurance for Self-Employed Persons Act (*Wet Basisverzekering arbeidsongeschiktheid zelfstandigen* (BAZ)) should also create a more level playing field between self-employed persons, as well as between the employed and self-employed.

Costs

The Act will apply to all self-employed persons who generate business profits that are subject to income tax. Such persons will have to pay a premium amounting to approximately 6.5% of their profits for the insurance. Based on the minimum wage in 2024, the maximum premium will be roughly € 195 per month. The premium will be tax-deductible.

Please note:

The compulsory insurance will not apply to directors/major shareholders (DGAs). People with income from other work that does not constitute business profits will also not fall under the compulsory insurance.

Level of payment

If the BAZ is implemented, a self-employed person will receive a payment if he/she is no longer able to earn the statutory minimum wage as a result of sickness. A waiting period of one year will apply under the new insurance. Only after this point will a payment be made, which will amount to 70% of the profits generated before incapacity for work, up to a maximum of the minimum wage. The payment will be provided until the person reaches state-pension age at the latest.

Alternative: take out insurance yourself

Self-employed persons who consider the payment to be too low or who would prefer to take out insurance themselves, can also opt for private insurance. This, of course, also applies to self-employed persons who already have private insurance cover. In such cases the premium to be paid and the level of the payment in the event of incapacity for work must at least be equal to the amounts that apply under the new compulsory insurance. The payment must also continue until state-pension age.

Please note:

The Act includes transitional arrangements for existing insurance policies.

Schedule

The plan had been included in a legislative proposal that was put out for online consultation. Anyone could respond to it between 11 June and 23 July 2024. With 2,260 responses received, the consultation met with a large response. The Minister of Social Affairs and Employment is considering what changes need to be made to the legislative proposal and does not expect to be able to submit it to the Lower House before summer 2025. It could still be some years before the compulsory insurance is introduced.

8.5 VOLUNTARY PENSION FUND MEMBERSHIP FOR SELF-EMPLOYED PERSONS

Self-employed persons may be able to join a pension fund on a voluntary basis. This is one of the agreements included in the new Future of Pensions Act (Wtp).

Pension Agreement

The Future of Pensions Act sets out the agreements contained in the Pension Agreement. When this Act entered into force on 1 July 2023 it also became possible for self-employed persons to join a pension fund on a voluntary basis.

Pension fund conditions

It must, however, be a pension fund in the sector in which the self-employed person is working. The pension fund must also offer the option of voluntary membership. You should therefore enquire with the pension fund as to whether this option is available.

Please note:

Before 1 July 2023, it was already possible, under certain conditions, for employees who were leaving a company to voluntarily join the pension fund of their former employer. This possibility remains available.

Deduction for income tax purposes

Self-employed persons who take advantage of this option can deduct the contributions paid to the pension fund in their income tax return.

Please note:

It is worth bearing in mind that this is an experiment. If the experiment is discontinued or is not converted into a definitive scheme, the self-employed person can leave the money in the pension fund or withdraw it and deposit it with a bank or insurer.

Compulsory pension scheme

For certain professional groups and sectors there is an obligation for entrepreneurs to participate in the pension scheme. This has been the case for some time and is not therefore a result of the entry into force of the Wtp.

The obligation applies to entrepreneurs with a painting and decorating business, plastering business, glazing business, finishing business, natural stone business or terrazzo or flooring business. It also covers entrepreneurs who practise the profession of pharmacist, physiotherapist, general practitioner, midwife, medical specialist, vet, civil-law notary or junior civil-law notary, or pilot or boatman at the Port of Rotterdam.

8.6 DECLARE PAYMENTS TO NATURAL PERSONS TO TAX AND CUSTOMS ADMINISTRATION

Withholding entities must declare amounts paid to natural persons in 2024 to the Tax and Customs Administration before 1 February 2025. This does not apply if these natural persons were employed by the withholding entity or issued an invoice including VAT to it.

Statement of amounts paid to third parties (UBD statement)

This obligation is referred to as the statement of amounts paid to third parties (*Opgaaf Uitbetaling bedragen aan derden* (UBD statement)). It means that all withholding entities (i.e. legal entities/persons with a payroll tax number) and certain collective management societies must declare amounts that they have paid to third parties to the Tax and Customs Administration on their own initiative. In other words, they will not receive a request to provide this information.

Please note:
The obligation also applies if you no longer have any employees, but still have a payroll tax number.

Exceptions

The UBD statement for payments made to natural persons only applies if the payment in question relates to work and services they have performed. Certain exceptions apply:

- Payments you make to a natural person who is employed by you do not have to be declared.
- This also applies to payments you make to a natural person who falls under the tax exemption for volunteers (*vrijwilligersregeling*) (this means, amongst other things, that the payment was no more than € 210 per month and € 2,100 per year in 2024).
- If the natural person issues an invoice including VAT to you for the work, no UBD statement is required for this.

UBD statement required in the event of VAT exemption, VAT reverse charging and small business scheme (KOR)

An entrepreneur – a natural person – who carries out VAT-exempt work for you is not exempted from the UBD statement. Although this entrepreneur may issue an invoice, no VAT is included on it. The same goes for a natural person who applies the small businesses scheme (KOR) or reverse-charges the VAT to you. You also have to submit a UBD statement for payments made to these natural persons.

What do you declare?

You submit the UBD statement digitally. You must include the following:

- name, address, citizen service number (BSN) and date of birth of the natural person;
- the amounts paid in 2024, including any expense allowances paid to the natural person;
- the date on which you made the payment.

Tip:
If you made multiple payments to the same natural person in 2024, you may also add these payments together. You should then provide the date of the last payment in 2024 as the payment date.

Please note:
You have to declare not only payments in cash, but also payments in kind.

If you made multiple payments to the same natural person in 2024, you may also add these payments together. You should then provide the date of the last payment in 2024 as the payment date.

Deadline of 31 January 2025

The 2024 UBD statement must be submitted by no later than 31 January 2025. If you are not a withholding entity for payroll tax purposes or a collective management society, you only have to do this if the Tax and Customs Administration specifically requests it.

Please note:

If you pay a natural person at the beginning of 2025 for work and services performed in 2024, this payment should be included in the 2025 UBD statement, which must be submitted by 31 January 2026.

9. PENSIONS

9.1 FUTURE OF PENSIONS ACT

The Future of Pensions Act entered into force on 1 July 2023, but a transitional regime applies to existing pension schemes up to 2028.

The main changes compared to the current pension system are as follows:

1. All pension schemes will become defined contribution schemes, with a flat-rate contribution (= the same contribution for every employee, regardless of age) not exceeding 30%. Schemes must switch over to the new rules by 2028, but can do so earlier.
2. Existing defined contribution schemes with a rising scale may be retained for all employees who are already in employment on the date of the transition (no later than 1 January 2028). New employees will, however, be assigned a flat-rate contribution from that date.
3. Employees who may be disadvantaged by these changes must be appropriately compensated. Generally speaking, this relates to the group in the 45-68 age bracket. What exactly is considered appropriate has not been specified and will therefore have to be negotiated on an employer-by-employer basis. The compensation may take the form of additional pension contributions (for this purpose the flat rate will be set at 33% until 2037) or an addition to the employee's salary. In the event of additional pension contributions being paid, these will also apply to new employees during the compensation period.
4. There will be two types of pension scheme: parties can choose between the 'solidarity contribution scheme' (SPR) and the 'flexible contribution scheme' (FPR). The former offers, amongst other things, a hedge return for pensioners and can have a buffer of up to 15% of the pension assets to offset potential falls in payable and not yet payable pensions.
5. Accrued (average- or final-salary) pensions with an insurer can remain as they are. Until 2028 existing average-salary schemes can switch over to a rising defined contribution scale (which may then be continued for existing employees).
6. The partner pension is being standardised and can amount to a maximum of 50% of the salary; it is always insured until the employee retires.
7. Annuity premium tax relief will also increase to 30% (previously 13.3%) and the terminable annuity will be retained.
8. Payment of a pension can now only commence from 10 years before the state-pension date. There is no longer any need to submit a declaration that you are retiring. At present, you have a completely free choice of the pension start date, but if this is more than 5 years before the state-pension date, a declaration confirming that you are stopping work is required.
9. Lastly, social partners can continue discussions to agree on a scheme for arduous professions. The current right to early retirement without penalty (from 3 years before the state-pension date) expires from 2025.

It goes without saying that the whole pension transition needs to be properly documented in the form of a transition plan (in which all choices and consequences are explained) and a communication plan. These will have to be approved by both internal and external supervisory bodies. The individual right of objection laid down in Article 85 of the Pensions Act has been temporarily rendered inoperative. At present, an individual employee is entitled to lodge an objection in the event of a collective value transfer. To ensure that everyone switches over to the new system, it has been decided that objections will not be possible. Only in cases where the employer does not convert the scheme to the new system

or makes use of the transitional regime is there no formal requirement for a transition plan. This does not alter the fact that all changes must be properly documented and discussed with the works council and employees.

Please note:
If it becomes apparent that the transition will not be possible by 2028, the period (which formally still runs to 2027, but for which the extension to 2028 has already been included in a legislative proposal) may be extended by a year for individual pension funds. De Nederlandsche Bank will consent to this, in its capacity as regulator. Should it become clear that a large number of pension administrators are affected, the legislator may, of course, grant a general pardon. According to the initial advice of the government commissioner, which was announced on 19 June 2024, there is no need for a further extension of the final transition deadline.

9.2 WITHDRAWAL OF 10% OF PENSION AS A LUMP SUM FROM 1 JULY 2025

The possibility for employees to withdraw 10% of their pension as a lump sum has been deferred again. This is now planned to take effect from 1 July 2025.

Conditions for payment

The legislative proposal on this matter states that you can withdraw a maximum of 10% of your pension as a lump sum on the date on which the pension becomes payable. There are no restrictions on how you may spend this amount.

However, you can also choose to receive this 10% of your pension at a later date. This is only possible if your pension start date lies in the month in which you reach state-pension age or is on the first day of the following month.

Deferred again

The option of withdrawing 10% of your pension as a lump sum was originally due to take effect on 1 January 2023. This date has already been put back several times and has now been deferred until 1 July 2025. The legislative proposal was passed by the Lower House on 8 October 2024 and is now awaiting the approval of the Upper House.

Cannot be combined with option of high/low pension payments or bridging pension

Many pension schemes currently offer the option of receiving a higher pension initially and a lower pension later, or vice versa. In such cases the pension payments are not allowed to differ by more than 25%. A large number of pension schemes also offer the possibility of opting for a bridging pension, which is paid out until the state-pension date. This option cannot, however, be combined with the withdrawal of 10% of the pension as a lump sum on the pension date.

Tip:
Is your employee considering making use of the option of receiving 10% of his/her pension as a lump-sum pension payment in the future? If so, talk to one of our advisors to find out what the (tax) consequences might be in your employee's specific situation.

9.3 APPROVAL OF NEW EARLY RETIREMENT SCHEME FOR ARDUOUS PROFESSIONS

The current early retirement scheme ends on 31 December 2025. After this date it will no longer be possible to make use of the scheme. However, a new early retirement scheme is being introduced for employees in arduous professions who are unable to carry on working up to state-pension age.

How does the current early retirement scheme work?

Under the current early retirement scheme employees can stop work up to 3 years early. The state-pension age is currently 67. This means that employees could currently qualify for the scheme from the age of 64. From 2028 the state-pension age will be increasing to 67 years and 3 months. Consequently, from 2025 the earliest age from which the scheme can be used will change to 64 years and 3 months. This scheme will end on 31 December 2025.

For arduous professions only

The new early retirement scheme is intended for people working in arduous professions only. What that means exactly and what requirements will need to be met will be agreed in each individual collective labour agreement. An independent body will assess these agreements. This is to prevent people who do not work in an arduous profession from also taking advantage of this scheme.

Increased amount possible

The current early retirement payment is a maximum of € 2,182 gross per month. This amount is linked to the level of the state pension. Under the updated scheme this amount will remain the same. However, it will also be possible to grant an additional € 300 per month, so that people with low incomes in particular can also make use of the scheme.

Please note:
It is not the intention for this higher amount to be applied generically. It is intended only for situations in which an extra amount will be needed.

Is your employee considering making use of the option of receiving 10% of his/her pension as a lump-sum pension payment in the future? If so, talk to one of our advisors to find out what the (tax) consequences might be in your employee's specific situation.

Agreements on sustainable employability

In addition to these agreements – or, more accurately, as a basis for them – agreements have also been made on sustainable employability. The aim is to ensure that everyone can carry on working until state-pension age. To achieve this, there will be a focus on easing the burden of, and reducing exposure to, arduous work. Efforts will also focus on providing prompt support to people who perform arduous work, to allow them to take on another role inside or outside their current company or sector.

Publication date: 14 January 2025

10. APPENDICES TO UPDATE TO 2025 PAYROLL SPECIAL

Table 1 Tax bands for payroll tax/national insurance contributions

Band	For annual salary from indicated amount up to next band	Payroll tax/national insurance contributions
		Below state-pension age
1	€ 0	35.82%
2	€ 38,441	37.48%
2	€ 76,817	49.50%

Band	For annual salary from indicated amount up to next band	Payroll tax/national insurance contributions
		State-pension age and above, born in 1945 or earlier
1	€ 0	17.92%
2a	€ 40,502	37.48%
3	€ 76,817	49.50%

Band	For annual salary from indicated amount up to next band	Payroll tax/national insurance contributions
		State-pension age and above, born in 1946 or later
1	€ 0	17.92%
2b	€ 38,441	37.48%
3	€ 76,817	49.50%

The rate for the bands is made up of the following elements:

Band	Type of contribution	Below state-pension age	State-pension age and above
1	State pension (AOW)	17.90%	-
	Surviving Dependants Act	0.10%	0.10%
	Long-Term Care Act (WLZ)	9.65%	9.65%
	Payroll tax	8.17%	8.17%
	Total for band 1	***35.82%***	***17.92%***
2a and 2b	Payroll tax	37.48%	37.48%
3	Payroll tax	49.50%	49.50%

Table 2a Tax credits for payroll tax/national insurance contributions

Tax credit	Below state-pension age		Details	
	Amount	Percentage		
General tax credit	€ 3,068		for salary up to	€ 28,406
Reduction in general tax credit for higher incomes		6.337%	for salary from but not exceeding	€ 28,406 € 76,817
Maximum reduction	€ 3,068		applies from	€ 76,817
Employed person's tax credit				
1st band percentage **maximum in 1st band**	- € 980	8.053% -	for salary from current employment up to	€ 12,169
2nd band percentage **maximum in 2nd band**	- € 4,240	30.030% -	for salary from current employment from to	€ 12,169 € 26,288
3rd band percentage **maximum in 3rd band**	- € 379	2.258% -	for salary from current employment from	€ 26,288
Total maximum employed person's tax credit	€ 5,599	-	applies from	€ 43,071
Reduction in employed person's tax credit for higher incomes		6.510%	for salary from current employment from	€ 43,071
Maximum reduction	€ 5,599		applies from	€ 129,078
Young disabled person's tax credit	€ 909	-	-	

Table 2b Tax credits for payroll tax/national insurance contributions

Tax credit	State-pension age and above		Details	
	Amount	Percentage		
General tax credit	€ 1,536		for salary up to	€ 28,406
Reduction in general tax credit for higher incomes		3.170%	for salary from but not exceeding	€ 28,406 € 76,817
Maximum reduction	€ 1,536		applies from	€ 76,817
Employed person's tax credit				
1st band percentage maximum in 1st band	- € 491	4.029% -	for salary from current employment up to	€ 12,169
2rd band percentage maximum in 2nd band	- € 2,121	15.023% -	for salary from current employment from to	€ 12,169 € 26,288
3rd band percentage maximum in 3rd band	- € 190	1.130% -	for salary from current employment from	€ 26,288
Total maximum employed person's tax credit	€ 2,802	-	applies from	€ 43,071
Reduction in employed person's tax credit for higher incomes		3.257%	for salary from current employment from	€ 43,071
Maximum reduction	€ 2,802		applies from	€ 129,078
Young disabled person's tax credit	€ 456	-	-	
Elderly person's tax credit	€ 2,035	-	for salary up to	€ 45,308
Reduction in elderly person's tax credit for higher incomes	-	15.00%	for salary from	€ 45,308
Maximum reduction	€ 2,035	-	applies from	€ 58,875
Single elderly person's tax credit	€ 531	-	-	

Table 3 Minimum wage from 1 January 2025 (adjusted on 1 January and 1 July)

Age	Percentage	Per hour
21 and above	100.00%	€ 14.06
20	80.00%	€ 11.25
19	60.00%	€ 8.44
18	50.00%	€ 7.03
17	39.50%	€ 5.55
16	34.50%	€ 4.85
15	30.00%	€ 4.22

Table 4 Minimum wage for persons following work-based learning pathway (BBL) from 1 January 2025 (adjusted on 1 January and 1 July)

Age	Percentage	Per hour
21 (BBL)	100%	€ 14.06
20 (BBL)	61.50%	€ 8.65
19 (BBL)	52.50%	€ 7.38
18 (BBL)	45.50%	€ 6.40
17 (BBL)	39.50%	€ 5.55
16 (BBL)	34.50%	€ 4.85
15 (BBL)	30.00%	€ 4.22

Table 5 Contributions for employee insurance schemes

Type of contribution	Amount/percentage for 2024	Amount/percentage for 2025
Low General Unemployment Fund (AWf) contribution	2.64%	2.74%
High General Unemployment Fund (AWf) contribution	7.64%	7.74%
Differentiated Return to Work Fund (Whk) contribution	See notification or decision	See notification or decision
Differentiated low Invalidity Insurance Fund (Aof) contribution	6.18%	6.28%
Differentiated high Invalidity Insurance Fund (Aof)	7.54%	7.64%
Childcare Provisions Act (Wko) surcharge	0.50%	0.50%
Implementing Fund for the Government (Ufo)	0.68%	0.68%
Size of the employer: for 2025 depends on your assessable wage bill in 2023		
Average assessable employee salary	€ 37,700	€ 39,600
Small employer: up to 25x average assessable salary	€ 942,500	€ 990,000
Medium-sized employer: up to 100x average assessable salary	€ 3,770,000	€ 3,960,000
Large employer: 100x average assessable salary or higher	€ 3,770,000	€ 3,960,000

Table 6 Amounts of maximum assessable salary per pay period for contributions to employee insurance schemes and income-dependent contributions under Healthcare Insurance Act (Zvw)

Year	Day	Week	4 weeks	Month	Quarter	Year
2024	€ 275.49	€ 1,377.46	€ 5,509.84	€ 5,969.00	€ 17,907.00	€ 71,628.00
2025	€ 291.78	€ 1,458.92	€ 5,835.69	€ 6,322.00	€ 18,966.00	€ 75,864.00

Table 7 Percentages for contributions under Healthcare Insurance Act (Zvw)

Healthcare Insurance Act	2024	2025
Employer levy under Zvw	6.57%	6.51%
Zvw contribution deducted by employer	5.32%	5.26%
Seafarers (including share fishermen)	0.00%	0.00%
Maximum assessable salary for Healthcare Insurance Act	€ 71,628	€ 75,864

Table 8 Research and development tax credit

	Band for R&D payroll costs	Percentage
In the 1st band the tax credit amounts to	up to € 380,000	36%
For start-ups the (increased) tax credit in the 1st band amounts to	up to € 380,000	50%
The tax credit on the excess amount in the 2nd band amounts to	more than € 380,000	16%

Table 9 Early retirement (RVU) exemption

	Year	Amount
Early retirement exemption, monthly amount, max. 36 months	2021	€ 1,847
In 2025 you should also use the 2025 amount for payment periods after 2025. In subsequent years you should then recalculate the exemption amount for those years after the amount has been indexed.	2022	€ 1,847
	2023	€ 2,037
	2024	€ 2,182
	2025	€ 2,273

Table 10 Tax exemption for volunteers

Tax exemption for volunteers (not salary)	2024	2025
Standard amount per year	€ 2,100	€ 2,100
Standard amount per month	€ 210	€ 210
Standard amount per hour for persons aged 21 and above	€ 5.50	€ 5.60
Standard amount per hour for persons under 21	€ 3.25	€ 3.30

Table 11 Addition to taxable income for company car

Year	Discount percentage	Addition after applying discount	CAP
2024	6%	16%	€ 30,000
2025	5%	17%	€ 30,000
2026	0%	22%	N/A

Table 12 Standard amounts and percentages for work-related expenses scheme

Item		Amount/percentage for 2024	Amount/percentage for 2025
Tax-free allowance per kilometre	Specific exemption	€ 0.23	€ 0.23
Tax-free homeworking allowance	Specific exemption	€ 2.35	€ 2.40
Relocation allowance	Specific exemption	€ 7,750	€ 7,750
Products made by own company	Specific exemption	€ 500 / 20%	€ 500 / 20%
Value of meals	Addition to taxable income per meal	€ 3.90	€ 3.95
Value of accommodation/lodging	Addition to taxable income per day	€ 6.70	€ 6.80
Fixed budget: percentage of total assessable wage bill for payroll tax/national insurance contributions up to an annual wage bill of € 400,000 on the excess amount		1.92% 1.18%	2.00% 1.18%
Addition to taxable income under medical expenses scheme Maximum value of tax-free benefit in kind		€ 27	€ 27
Artist scheme: refreshments during working hours, untaxed allowance per day		€ 0.55	€ 0.55

Table 13 Low income allowance (LIV) 2024 (payment in 2025)

	Minimum	Maximum
Hourly wage threshold (average hourly wage)	€ 14.33	€ 14.91
Number of hours per year	1,248	
LIV subsidy	€ 0.49 per hour	€ 960.00 per year

The LIV was abolished with effect from 1 January 2025. Only the 2024 LIV will be paid out in 2025.

Table 14 Income thresholds for 30% scheme

Payroll tax income threshold for 30% scheme	2024	2025
Salary of employee with specific expertise	€ 46,107	€ 46,660
Salary of employee with specific expertise under the age of 30	€ 35,048	€ 35,468
Capping of salary at Standardisation of Top Incomes Act (WNT) standard	€ 233,000	€ 246,000

Table 15 Transition payment

Year	Amount
2024	€ 94,000
2025	€ 98,000

Table 16 Other standard amounts and percentages

Standard amount for	Amount/percentage for 2024	Amount/percentage for 2025
Minimum amount of customary salary for substantial shareholders	€ 56,000	€ 56,000
Pseudo final levies for severance payments higher than	€ 672,000	€ 680,000
Final levy for van constantly used by different employees (per year)	€ 300.00	€ 438.00

Table 17 Wage expense allowances

Wage expense allowance	**Amount per paid hour**	**Maximum amount per year**	**Maximum number of years for which you can apply for wage expense allowance for same employee**
Older employee: employment commenced before 1 January 2024 employment commenced in 2024 employment commenced in 2025	 € 3.05 € 1.35 € 1.35	 € 6,000 € 2,600 € 2,600	 3 2 1
Employees with an occupational disability	€ 3.05	€ 6,000	3
Persons within target group of job arrangement and persons with interrupted education	€ 1.01	€ 2,000	3
Redeployment of employee with an occupational disability	€ 3.05	€ 6,000	1