

7 things every employee should know about Dutch employment law

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Agenda

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 2. Minimum wage
 3. Termination of the employment agreement
 4. Trail Period
 5. Non-compete clause
 6. Employee illness
 7. Holidays
- Final: New employment legislation in 2017?



1. Employment agreement & Collective Labor Agreement

- Employment relationships in the Netherlands are governed by individual employment agreements, Collective Labor Agreements (CLAs), and, if any, by the internal regulations of the employer.
- The CLA is a written agreement covering working conditions and benefits, which is drawn up by employers, employers' organisations and employee organisations.
- In most employment agreements, it is written whether a CLA applies.

2. Minimum wage

- Minimum Wage and Minimum Holiday Allowance Act
- The legal minimum wage in the Netherlands is based on age and is revised every 6 months. The minimum wage is based on a full-time employment.
- Minimum wage in euros as of 1 January 2017 (gross)

Age	Per day	Per week	Per month
20 years	44,04	220,20	954,25
21 years	51,92	259,60	1.124,90
22 years	60,87	304,35	1.318,85
23 & older		71,61	358,05 1.551,60

- Additionally an employee is in principle entitled to 8% holiday allowance.

2. Minimum Wage

- Additionally the (minimum) wages can be laid down in CLAs.
- In CLAs the information can be found such as:
 - (minimum) wages per position.
 - overtime payment.
 - holiday allowance.
 - bonus arrangements (such as 13th month bonus).
- The exact content differs per CLA.

3. Termination of the employment agreement

- There is a distinction between an employment agreement for a fixed term and an employment agreement for an indefinite term.
- A fixed term employment agreement ends on the date as mentioned in the employment agreement.

3. Termination of the employment agreement

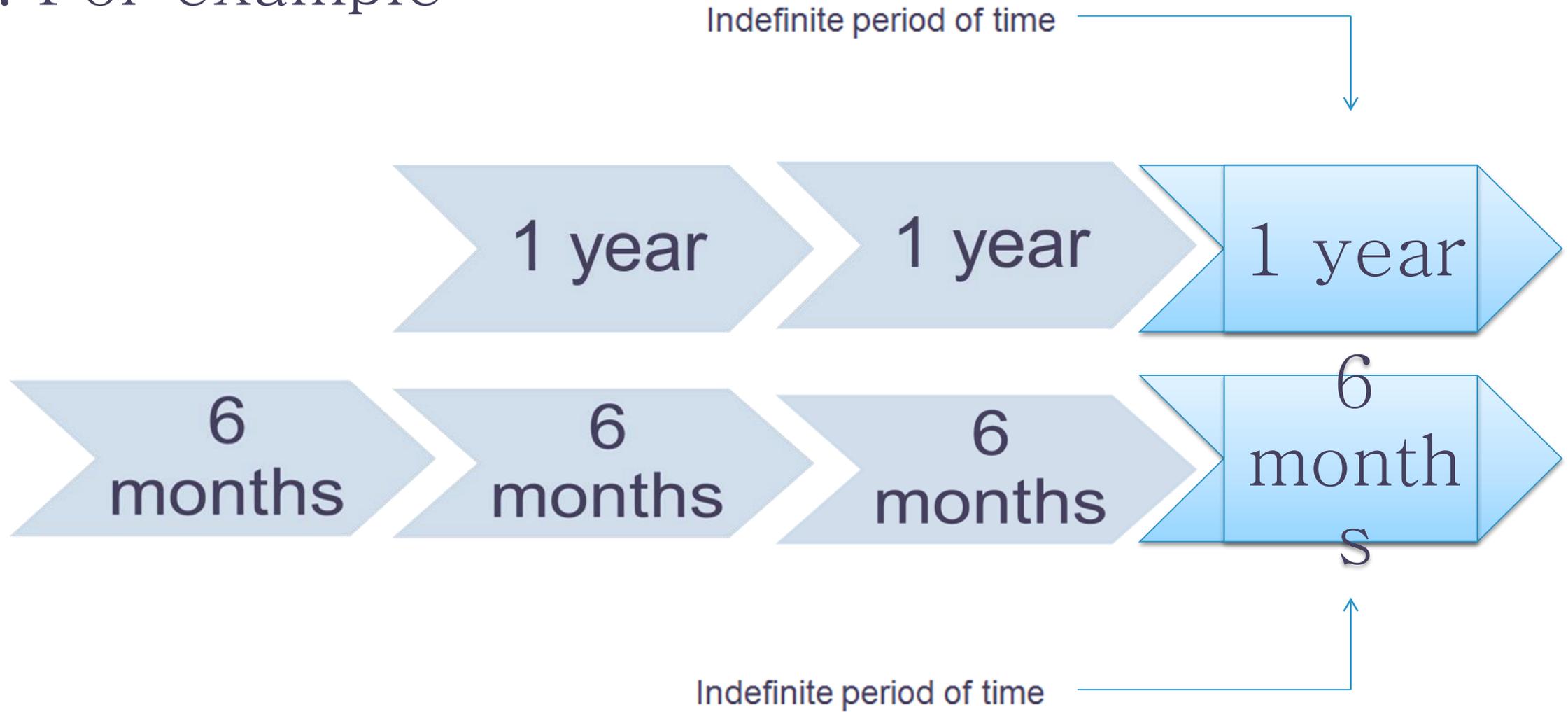
- There is an obligation of notification:
 - at least 1 month before the agreement ends, the employer must notify the employee in writing whether or not the contract will be continued and if so, on what conditions
 - also applies to successive temporary contracts with terms of 6 months or more
 - sanction: 1 gross monthly salary (or pro rata)
 - not required in the event of a employment agreement for a period of less than 6 months or in the event of an fixed term employment agreements without fixed end date (e.g. for a project or replacement during illness)

3. Termination of the employment agreement

The fixed term agreement will not always end on the final date as mentioned in the agreement because the use of fixed-term employment agreements is restricted by the law.

1. A maximum of three employment agreements is exceeded.
2. The maximum time frame of two years is exceeded.

3. For example



3. Termination of an employment agreement for an indefinite term

- By mutual consent (generally settlement agreement).
- By giving notice.
(The employer needs permission of the UWV or employee before notice can be given)
- By dissolution in court.

3. Termination of an employment agreement for an indefinite term

Settlement agreement

- Settlement agreement can only be agreed on in writing
- Statutory period of reflection for the employee during **14 days** (after the employee gave his consent to terminate the employment agreement)

Reflection period

- During this period of 14 days, the employee can annul (terminate) the settlement agreement **without giving reasons**
- The employer must inform the employee (in the settlement agreement) about the statutory reflection period
 - sanction: extension of reflection period to 21 days

4. Trial Period

- The maximum duration of a trial period is two months. If the employment agreement is for less than two years, the trial period cannot be longer than one month. Trial periods in employment agreements for 6 months or shorter are invalid.
- During the trial period, both employer and employee are allowed to terminate the employment agreement with immediate effect.

5. Non-compete clause

- A non-compete clause must be made in writing.
- A non-compete clause prohibits an employee from entering into employment for a competitor of the employer.
- A non-compete generally includes one or more limitations on the kind of employment that the employee is permitted to carry out within a specific geographical area over a specific period of time.
- Term of the non-compete clause is often 12 months.

5. Non-compete clause

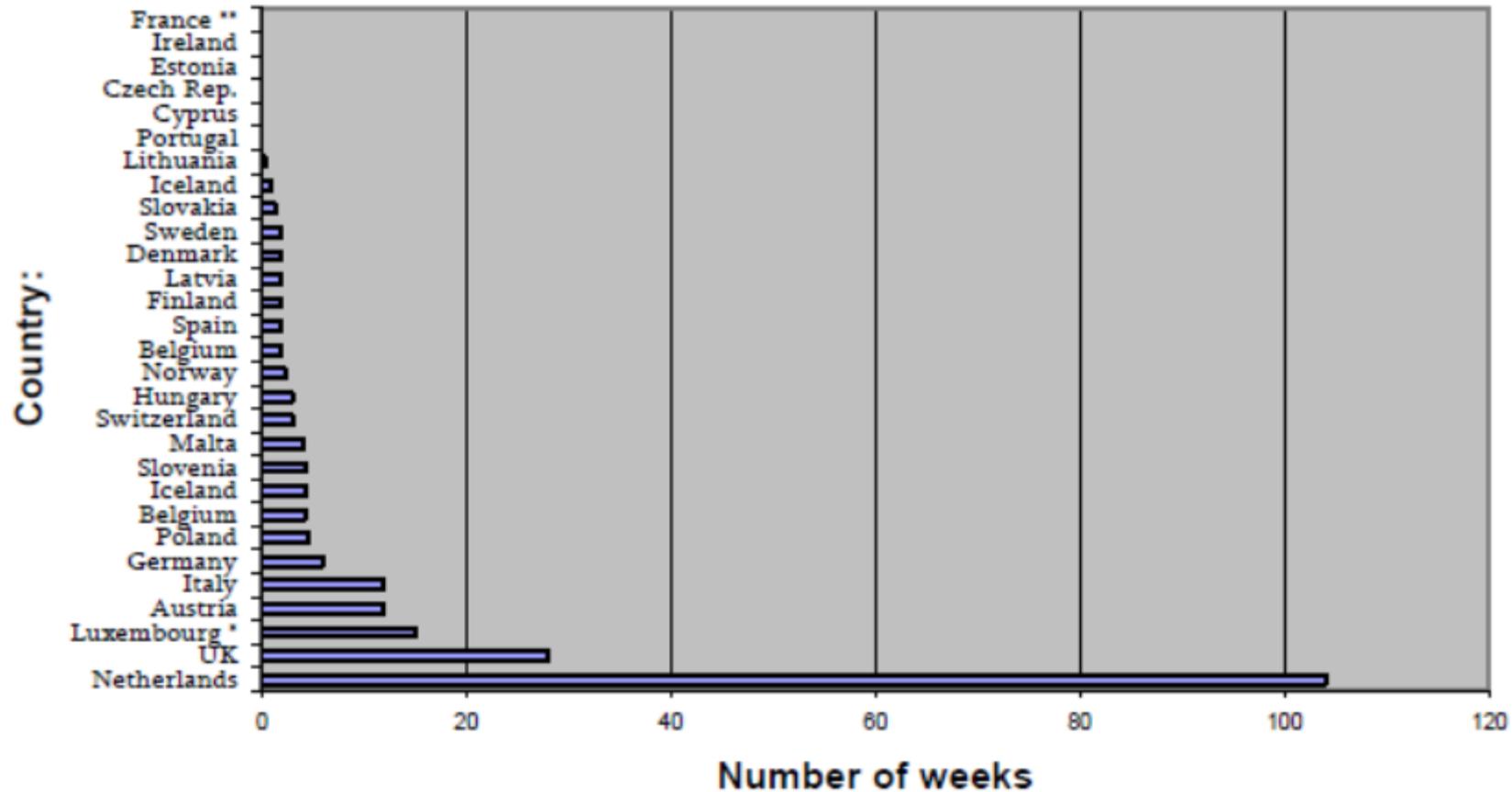


Temporary contract	Not allowed , unless it follows from the non-competition clause that this non-compete for this employee is necessary due to serious and compelling business interests of the employer
Indefinite period	Allowed

5. Non-compete clause

- Non-compete clauses are generally no longer valid in temporary employment agreements, unless the employer is able to justify, in writing, the necessity of the non-competition clause due to important operational or commercial reasons. If not, the clause is null and void.
- To determine if the reasons set out in the non-compete clause are sufficient to justify the non-compete clause, the courts will balance the interests of the employer against those of the employee.
- Also applicable to a business relations clause (in Dutch: '*relatiebeding*')

6. What does this mean?



6. Employee illness

- One key element of Dutch employment law is the obligation that the employer continues to make salary payments during the first 104 weeks of illness.
- In the Netherlands, reintegration is the main objective of the procedure during sickness.

7. Holidays

- All employees in the Netherlands are entitled to paid holiday.
- The statutory number of days' leave per year is at least four times the number of working days per week.
- In the event of part-time employment, the number of days' leave is calculated proportionally.



Final: New employment legislation in 2017?

- In 2015 and 2016 there were substantial changes in Dutch employment legislation.
- Due to the recent elections and the fact that no new coalition has been formed yet, various existing legislative proposals have been put on hold.
- It is too early to predict what kind of new legislative proposals can be expected.