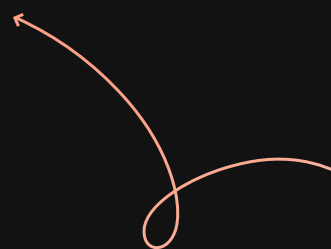


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Global hiring guide for the Netherlands



The essential guide to hiring overseas
employees in the Netherlands



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 **Julia Visser** 

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Situated in Western Europe, the Netherlands is a country known for its vibrant culture, economic stability, and unique **global appeal**.

As an employer looking to grow your international team, the Netherlands offers a blend of historical quirks and modern innovation, making it an attractive destination to diversify your operations.

The Dutch proficiency in the English language is also highly valuable, presenting a significant advantage for international businesses. From the bustling tech scene in Amsterdam to the logistic excellence of Rotterdam, the Netherlands presents a diverse range of opportunities across a variety of industries. With Eindhoven also considered an academic hub in Europe, there's no shortage of skilled talent in the Netherlands. It's just a case of knowing how to optimise your hiring journey for maximum success — something this guide aims to help you with!



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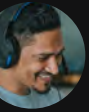
Disclaimer: This guide provides general information and is not a substitute for legal advice. While we strive to provide you with up-to-date information, the insights contained in this checklist may not reflect the latest legal developments. We can't be held liable for actions taken based on the information provided.

Understanding the hiring landscape in Netherlands

With a thriving economy, strategic location, and a culturally rich atmosphere, the Netherlands is an appealing country for global employers looking to establish themselves within the EU or simply expand their existing operations.

However, while the Dutch job market offers significant opportunities, it's essential for overseas employers to grasp the intricacies of local hiring practices, labour regulations, and employer responsibilities.

Ready to dive in?



Netherlands' currency: The Euro (EUR)

As one of the founding members of the European Union, the official currency of the Netherlands, the Euro (EUR), has been in circulation since 1999. But what makes the Euro an attractive choice for global businesses operating in the Netherlands?

- ✔ **Regional strength:** With 20 out of 27 EU member states currently using the Euro, the Euro is the second most commonly used currency in the world — enhancing its strength and reliability in business contexts.
- ✔ **Investment appeal:** For investors, the Euro's widespread acceptance simplifies financial transactions, promoting efficiency in cross-border trade and investment.
- ✔ **Symbolism:** As one of the founding members of the EU, the Netherlands is particularly proud of its status as one of the first EU states to adopt the Euro. This demonstrates the Netherlands' strong commitment to European unity and economic stability.
- ✔ **Global recognition:** The Euro is a widely recognised and used currency in international trade and finance.



Dutch payroll practices: When do Dutch employees expect payment?

In the Netherlands, the standard payroll cycle is monthly. This consistent practice provides several benefits for both employers and employees, some of which include:

- ✔ **Financial stability:** Monthly payments provide a reliable and steady income source for employees, facilitating better financial planning and security.
- ✔ **Administrative efficiency:** A monthly payroll system helps streamline administrative tasks for employers, reducing paperwork and complexity.
- ✔ **Employee satisfaction:** Consistent, predictable paydays contribute to higher employee satisfaction and well-being.
- ✔ **Ease of budgeting:** Monthly payments simplify budgeting for employees, making it easier to manage their finances and expenses.
- ✔ **Alignment with Dutch regulations:** Monthly pay cycles align with Dutch tax and labour regulations, ensuring compliance with local laws.



Note: While monthly payments are the norm, specific sectors or roles may adopt different payment systems, e.g. weekly or biweekly. However, many companies choose to pay employees by the 20th of each month in order to comply with wage tax (which must be paid by the last working day of the month following when the income was generated).

Taxation: Navigating Dutch tax regulations

Prioritising tax compliance when hiring in the Netherlands is crucial for avoiding legal consequences and hefty fines. Compliance is also essential for helping you maintain the integrity of your organisation — which is vital for building trust with both employees and stakeholders.

However, because the Netherlands operates a progressive tax system, and tax reform for 2024 is imminent, it can be difficult to keep up without expert assistance. This is why we always recommend speaking with a local tax specialist to support you in your Dutch hiring journey. **As it stands:**



EMPLOYEES

Income Tax

Under its progressive tax system, the Netherlands currently offers a combined top rate on personal income of 49.5%.

For example:

- ✔ 0€ - 37,149€: 19.03% - 35.44%
- ✔ 37,149€ - 73,031€: 36.93%
- ✔ Over 73,031€: 49.50%
- ✔ More than 277,826€: 45%

EMPLOYERS

Corporate Tax

In 2023:

- ✔ The standard CIT rate is 25.8%.

However,

- ✔ A lower rate of 19% (15% in 2022) applies to the first income bracket of 200,000€ (395,000€ in 2022) and the standard rate applies to the excess of the taxable income.

EMPLOYEES

VAT rate

Consumers pay value added tax (VAT) on all goods and services they buy — this tax is already included in the price at the point of sale.

Note: It's the sole responsibility of the trader to remit VAT to the Tax and Customs Administration.

EMPLOYERS

VAT rate

The Netherlands has a simple VAT rate structure:

- ✓ Standard VAT rate of 21%.
- ✓ Two additional reduced rates: 9% and 0%.

Why is tax compliance so important in the Netherlands?

As an overseas employer with talent based in the Netherlands, compliance with tax laws not only helps you avoid legal issues, but it also contributes to:

- ✓ **Ethical reputation:** Tax compliance can help you demonstrate a commitment to ethical conduct, automatically enhancing your corporate image.
- ✓ **Financial transparency:** Accurate tax reporting promotes investor trust through financial transparency.
- ✓ **Employee confidence:** Tax compliance can help improve employee management practices, helping build confidence in you as an employer and increase retention rates.

(Information correct as of August 2023)



Dutch social security: contributions

Navigating the Dutch social security system may seem complex, but on closer inspection, it very much aligns with other high-functioning societies across Europe and the world. That said, as an overseas employer, it's vital to understand what these contributions are and how they impact employee payments.

What do I need to know about social security contributions in the Netherlands?

To help you grasp social security contributions as an employer, our team have outlined some of the key points to consider:

1. Types of social security in the Netherlands:

- ✓ **National insurance (Volksverzekeringen):** This contribution is managed by the Social Insurance Bank (SVB) and covers benefits such as unemployment, maternity, and sick leave.
- ✓ **Employee insurance (Werknemersverzekeringen):** Overseen by the Employee Insurance Agency (UWV), this contribution provides coverage for benefits such as GP and hospital care.

2. Contributions and coverage:

- ✓ Social security contributions are automatically deducted from an employee's salary (approximately 27.65% for employees).
- ✓ Contributions vary based on your income and are capped at 9,808€ per year.
- ✓ Currently, employers must pay unemployment premiums of 2.94% to 7.94% (based on the duration of the contract). They must also contribute 8.55% for disability insurance and 5% for childcare.

3. Who needs to register:

- ✓ Most residents working in the Netherlands must register for Dutch social security.
- ✓ Exceptions include certain embassy staff and short-term contractors.

Tip: To claim benefits, employees must register their social security number (BSN) on DigiD, the Dutch online identification system.

(Information correct as of September 2023)

Dutch social security:

Employee benefits

The Netherlands is renowned for its universal public healthcare system, consistently ranking as one of the best in the world. However, a good healthcare system isn't the only thing social security contributions cover. **In the Netherlands, employees can benefit from:**

- ✔ **Survivor benefit:** Partners and eligible children can access survivor benefits under specific conditions. These conditions are associated with a special insurance scheme known as 'Anw'.
- ✔ **Maternity benefit:** Expecting mothers are entitled to 6 weeks of pregnancy leave and 10 weeks of maternity leave. Fathers and partners receive one week of paternity leave. Self-employed individuals can also explore the Maternity Benefit Scheme for the Self-Employed (ZEZ).
- ✔ **Unemployment benefit:** This covers 75% of an employee's income for two months, decreasing to 70% thereafter, with a maximum of 228.76€ per day. The maximum benefit duration depends on years of employment and is subject to qualification criteria.
- ✔ **Sickness benefit:** If illness prevents an employee from working, employers cover 70% of their income for two years. After this period, employees can explore invalidity benefits (WIA-benefit).
- ✔ **Child benefit (Kinderbijslag):** Child benefit is available for all parents of children under 18, regardless of means. However, an additional scheme known as 'the child budget' or 'kindgebonden' is means-tested and is only awarded to those whose income does not exceed a certain amount.
- ✔ **Health insurance and long-term care:** All Dutch residents must be insured under the Healthcare Insurance Act (ZVW) and the Long-Term Care Act (Wlz). **Note:** This means self-employed individuals are also obliged to make this contribution.

Who qualifies for social security benefits in the Netherlands?

- ✔ EU and EEA citizens typically have rights similar to Dutch nationals but may face restrictions during their first three months of living in the country.
- ✔ Non-EU/EFTA nationals with Dutch residency permits may have equal rights but should check conditions before assuming their entitlement to public services.
- ✔ Unemployment benefit, sickness benefit, maternity benefit, and child benefit are available to all eligible permanent residents in the Netherlands.

Dutch employment terms: Employer responsibilities

Full-time employees in the Netherlands are legally entitled to a minimum of 20 days (four weeks) of paid holiday leave per year. However, it is common for employers to offer more than this to promote an enhanced work-life balance for employees. As an overseas employer, this is why it's essential to ensure the exact hiring package and perks you're willing to offer (and that align with Dutch standards) are clearly outlined from the beginning of your working relationship.

Some points to consider include:

- ✔ **Work-life balance:** To account for the Dutch appreciation for work-life balance, be sure to specify working hours and promote flexible arrangements to ensure employees understand their entitlements. The Netherlands places a particularly strong emphasis on employee well-being and job satisfaction, meaning flexibility in working hours and remote work options are vital for making your organisation more appealing to top talent in the Dutch job market.
- ✔ **Job clarity:** Dutch workers value transparency. This is why it's crucial to include details relating to role expectations and tasks in every employee contract.
- ✔ **Fair compensation:** In the Netherlands, compensation is about more than just numbers; it reflects an appreciation for your employees. As an overseas employer, do your research into what might be considered a 'competitive salary' and be open to offering perks such as performance bonuses.
- ✔ **Termination procedures:** Dignity is a big part of the Dutch employment landscape. To align with this, establish clear termination procedures and fair notice periods, adhering to Dutch employment laws and compliance.

By proactively addressing these responsibilities, your employer-employee relationships in the Netherlands will feel not only more transparent, they'll also feel more respectful.

Empower your global workforce with Teamed

Manage the hiring & retention of global teams with ease

Offering you global employment software with a human touch and local expertise, Teamed is your new partner in global workforce management.

Teamed simplifies the process of hiring and managing a global team, from helping you adhere to local regulations to facilitating seamless payroll processes. Whether you're an established company or a budding startup, Teamed's advanced (but user-friendly!) platform offers reliable advantages such as:

- ✔ **Global payroll expertise:** Seamlessly processes payroll in 50+ currencies, ensuring accurate and compliant payments worldwide.
- ✔ **Tailored employee experiences:** From benefits to onboarding, create a localised approach for your global employees — enhancing satisfaction and engagement.
- ✔ **Transparent pricing:** Access critical features without the hefty costs, with plans starting from £199 per month.
- ✔ **Effortless onboarding:** Onboard employees within hours, not weeks, with our same-day onboarding process.
- ✔ **24/5 support:** Get expert assistance whenever you need it, addressing the complexities of global hiring with a dedicated (and human!) support team.
- ✔ **Dedicated local experts:** Benefit from 1-1 employee onboarding, guided by local experts who understand the nuances of each region.
- ✔ **Local tax & compliance:** Rely on Teamed's legal experts to navigate the intricate web of global regulations, mitigating risks and ensuring full compliance.

With Teamed as your partner, you can start hiring in Netherlands quickly and easily!

Start using the Teamed platform in just three easy steps:



Step 1

Kick off call &
platform access.



Step 2

1-1 employee
onboarding call with one
of our local experts.



Step 3

Contract sent to the
employee to be signed
and complete. Sorted!

Learn more

To learn more about Teamed's global employment software and kickstart your global hiring journey with our in-house expertise, speak with one of our experts today!

Alternatively, try out our employment cost calculator to compare employment costs in different countries and discover how hiring overseas can benefit you.

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