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ASSURANCE | TAX | CONSULTING



Payroll Special

February 2024

The Payroll Special 2024 is a handy reference for you as an employer or as an hr employee.

This special contains current figures on wage tax, premiums, tax credits, voluntary compensation, wkr, subsidies and allowances.

This edition also contains information on, for example, the 30% ruling.

Please note!

We want to comply with the desire to be current. However, while we are writing, there may be new additions to the corona regulations from the government. The overview in this special is written with the knowledge up to and including January 18, 2024 08:00 AM.

We have summarized the most important changes in the chapters:

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Although the utmost care has been taken in compiling this newsletter, no liability is accepted for incompleteness or inaccuracies. This publication is for informational purposes only. It is advisable to check with your RSM advisor for the most current status of the legislation.

Do you have any questions as a result of this newsletter? Please feel free to contact us.
Release date: February 2024.



1. RATES FOR PAYROLL TAX, CONTRIBUTIONS AND TAX CREDITS

1.1 CHANGES TO PAYROLL TAX RATES

For employees whose salary is around the threshold for the second tax band, the payroll tax burden may increase significantly in 2024. This is due in part to a slight increase in the rate in the first tax band, but mainly to the fact that the indexation of the threshold for the second tax band is being restricted substantially.

Increase in rate in first tax band

The rate applicable in the first tax band is being raised slightly: from 36.93% to 36.97%. In 2024 this rate will apply to incomes of up to € 75,518. This rate rise will result in a maximum of € 30 in additional tax being paid.

Indexation of tax band substantially restricted

The additional tax burden will, however, mainly result from the restriction of the indexation applied to the threshold for the second tax band. This threshold is usually adjusted annually on the basis of inflation. Due to the current high level of inflation, the threshold for the second tax band was initially due to increase by 9.4941%. However, the government has decided to reduce the threshold by € 4,447, after applying the adjustment for inflation. This means that the top rate of 49.5% will be payable from an income of € 75,518 instead of € 79,965. This could cost an employee up to € 557 in additional tax per year.

Please note:

This will also affect people of state-pension age. The threshold for the second band will rise to € 40,021 for employees born before 1 January 1946 and € 38,098 for other employees of state-pension age. The threshold for the third band is increasing to € 75,518 for people who have reached state-pension age.

1.2 WHAT CHANGES ARE BEING MADE TO THE EMPLOYED PERSON'S TAX CREDIT AND GENERAL TAX CREDIT?

To boost purchasing power and support incomes, changes are also being made to tax credits. What figures will apply in 2024?

incomes

The maximum general tax credit is increasing to € 3,362 (2023: € 3,070), but from a salary of € 24,812 will be reduced by a higher percentage (6.63% in 2024 compared with 6.095% in 2023). For salaries between € 24,812 and € 75,518 this tax credit will therefore taper more quickly than in 2023. From a salary of € 75,518 the general tax credit is € 0.

Additional increase in employed person's tax credit

An additional increase will be applied to the maximum employed person's tax credit, taking it to € 5,532 (2023: € 5,052). The amount of the employed person's tax credit increases with earnings, up to a salary of € 39,957. Increases will also apply to the amounts of the tax credit up to the maximum level, benefiting employees who are paid between the minimum wage and a salary of € 39,957. In the case of a salary from € 39,957 the employed person's tax credit will be reduced by 6.510%. From a salary of € 124,934 the employed person's tax credit is € 0.

Support for senior citizens

To support senior citizens, the elderly person's tax credit is increasing by € 175. This will bring the maximum elderly person's tax credit to € 2,010 in 2024. From an income of € 44,771 (2023: € 40,889) this tax credit will be reduced by 15%. There will be no entitlement to the elderly person's tax credit from an income of € 58,170 (2023: € 53,122). The single elderly person's tax credit will amount to € 524 in 2024 (2023: € 478).

Please note:

Up to the end of 2023 only the Social Insurance Bank (SVB) was able to apply the single elderly person's tax credit. From 2024 onwards, however, you can also 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 new 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 SAME DIFFERENTIATED AWF

General tax credit to taper more quickly for higher

CONTRIBUTION, HIGHER 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 2024 the Awf contribution will remain the same as in 2023: 2.64% for the low contribution and 7.64% for the high contribution. However, the maximum assessable salary will increase to € 71,628 in 2024 (2023: € 66,956). For employees with an assessable salary from € 66,956, as an employer you may therefore owe up to € 123 (for the low contribution) and € 356 (for the high contribution) more in Awf contributions per employee.

Please note:

At the beginning of 2024 check the paid hours of employees for whom the low Awf contribution was applied in 2023 and who have an employment contract for fewer than 35 hours per week on average. If the paid hours exceed the contracted hours by more than 30%, the high Awf contribution will apply with retroactive effect.

1.4 LOWER CONTRIBUTIONS TO RETURN TO WORK FUND FOR SMALL EMPLOYERS IN 2024

As an employer you pay social contributions to the Return to Work Fund (Whk) every year. The average contribution percentage under the Return to Work (Partially Disabled) Regulations (WGA) is falling from 0.87% in 2023 to 0.77% in 2024. The average percentage under the Sickness Benefits Act (ZW) is decreasing from 0.66% to 0.45%.

First decrease in years

You pay the differentiated Whk contribution as part of the contributions to employee insurance schemes. In this way you insure your employees against the financial consequences of sickness and incapacity for work. In 2024 the contributions under both the WGA and ZW are decreasing for the first time in years for small employers.

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 2024 is determined on the basis of your wage bill in 2022. The calculation is based on the average salary on which contributions are payable, which amounts to € 37,700 for 2024.

Size classification of employers for calculation of contribution

The threshold between small and medium-sized employers has been set at a wage bill not exceeding € 942,500 (25 x € 37,700). Employers who had a wage bill of more than € 3,770,000 (100 x € 37,700) in 2022 fall into the category of a large employer in 2024.

Decision from Tax and Customs Administration

If you are a large or medium-sized employer, at the end of 2023 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. 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.

Please note:

Besides the contribution percentages for 2024, the increase in the maximum assessable salary may also affect the level of the contribution you have to pay. The maximum assessable salary will increase to € 71,628 in 2024 (2023: € 66,956). For employees with an assessable salary above € 66,956 you may therefore owe a higher contribution as an employer, even though the contribution percentages have fallen compared with 2023.

1.5 SLIGHT FALL IN CONTRIBUTIONS UNDER HEALTHCARE INSURANCE ACT IN 2024, HIGHER ASSESSABLE SALARY

In 2024 the contributions under the Healthcare Insurance Act (Zvw) have been reduced slightly by 0.11 of a percentage point. This applies both to the contributions that employers pay for their employees (6.57% in 2024) and to those that self-employed persons and directors/major shareholders (DGAs) have to pay for themselves (5.32% in 2024).

The assessable salary has increased from € 66,956 in 2023 to € 71,628 in 2024. This means that in 2024 the maximum Zvw contribution payable for employees has increased by € 233 (from € 4,473 in 2023 to € 4,706 in 2024). For self-employed persons and directors/major shareholders the increase amounts to € 175 (from € 3,636 in 2023 to € 3,811 in 2024).

2. CUSTOMARY SALARY AND VOLUNTEER'S ALLOWANCE

2.1 CUSTOMARY SALARY

In 2024 the standard amount under the customary salary scheme is € 5,000 higher than in 2023, 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 (2023: € 51,000).

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.

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 INCREASING TO € 2,100 IN 2024

On 1 January 2024 the level of the maximum untaxed volunteer's allowance increased to € 2,100 per year. The maximum monthly allowance in 2024 is € 210.

Annual indexation

You can grant volunteers who perform voluntary work within your organisation an allowance that will not be taxed by the Tax and Customs Administration. This maximum untaxed volunteer's allowance is indexed annually.

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 2024 amounts to € 5.50. For volunteers under the age of 21 this maximum hourly allowance is € 3.25 in 2024.

3. TRANSPORT

3.1 COMPANY CAR

In 2024 there will be no changes to the addition to taxable income for new cars with CO₂ emissions of more than 0 grams per kilometre. As in previous years, this will remain at 22%.

The addition to taxable income for electric cars will also remain the same in 2024, but will rise again in 2025 (see table below). From 2026 onwards the regular addition of 22% will apply to an electric car. This will be applied to the full list price. The interim evaluation of zero-emission vehicles and plug-in hybrids that was published in March 2023 will not result in any changes to the schemes up to the end of 2025.

Year	Discount percentage	Addition after applying	List price
2024	6%	16%	€ 30,000
2025	5%	17%	€ 30,000
2026	0%	22%	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.

Exception for hydrogen-powered cars

The cap, which means the discounted addition percentage of 16% does not apply to the portion of the list price above € 30,000 (2024), will not apply to hydrogen- or solar-powered cars.

3.2 TRAVEL ALLOWANCES INCREASED FROM 2024

In 2024 the tax-free allowances for business travel expenses incurred by employees, for example, are increasing. This applies to allowances for travel using a private mode of transport and to those for travel by public transport.

Public transport

The current rules relating to the reimbursement of public transport season tickets are complicated. To some extent this is due to the fact that, since the coronavirus crisis, employees have increasingly been working (partly) from home and regular commuting has therefore become less common. To limit the administrative burden, it has been decided that public transport season tickets will benefit from a broader tax exemption. As of this year it no longer matters 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. The only condition from 2024 onwards is that it is also used for business purposes, e.g. commuting. If that is the case, a specific exemption applies to a public transport season ticket that has been made available, supplied or reimbursed.

Please note:

The extent to which the season ticket is used for business purposes is no longer important. Private use will also no longer be taxed.

Tip:

The amended rules also apply to the making available, supply or reimbursement of an off-peak pass.

Travel allowance increased further

In 2023 the travel allowance for the costs of business travel, including commuting, was free of tax up to € 0.21/km. It had already been announced in the 2023 Tax Plan that in 2024 this tax-free allowance would be increasing to € 0.22 and, if possible, to € 0.23/km. The latter figure is indeed the one that was chosen in the 2024 Tax Plan. From 2024 travel allowances will therefore 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.

2023 travel allowance paid in 2024

You can allocate your employee an untaxed allowance of € 0.23 per kilometre for business kilometres travelled in December 2023 if you pay this to your employee in January 2024. Additional conditions apply, however.

Unconditional right

For example, your employee must already have been granted an unconditional right in 2023 to the reimbursement of business kilometres at a level of at least € 0.23 per kilometre. Whether an unconditional right existed in 2023 depends on the agreements you made with your employee in 2023 under employment law.

Standard method of payment: 'salary-in'

In addition, you must apply a certain method of payment, namely the 'salary-in system' (loon-in-systematiek). This means that you declare the salary in the tax return for the month in which your employee receives the salary. The allowance for business kilometres for 2023 is thus deemed to have been received by your employee in January 2024 if you pay this allowance to him/her in January 2024.

Please note:

The 'salary-in system' is usually applied as standard. However, in the past you may have opted to use a different method, namely the 'salary-over system' (loon-over-systematiek). If so, you cannot simply switch back to the 'salary-in system'. You should therefore consult with your payroll advisor on which system you are using and what your options are. You will then know whether it is possible for you to pay your employee an allowance of € 0.23 per kilometre free of tax in January 2024 for business kilometres travelled in December 2023.

Other method: 'salary-over'

If in January 2024 you allocate payments – relating to 2023 – to December 2023, you are using the 'salary-over system'. Should you have already applied this system in the past, you cannot simply switch over to the 'salary-in system'. If you are unable to switch, an allowance paid in January 2024 for business kilometres travelled in December 2023 is subject to the 2023 rules. This means that the tax-free allowance then cannot exceed € 0.21 per kilometre.

The increase to € 0.23/km is also applicable to a DGA who is employed by his/her company.

3.3 COMPULSORY REPORTING ON EMPLOYEES' BUSINESS TRAVEL AND COMMUTING

The Netherlands has committed to reducing its CO₂ emissions. This includes the CO₂ emissions resulting from employees' business travel and commuting. The Ministry of Infrastructure and Water Management is therefore keen to examine how much CO₂ is emitted by such travel. At present, it is estimated that business travel and commuting together account for more than 50% of the kilometres travelled in the Netherlands.

As an employer, you have a major role to play in making work-related personal mobility more sustainable, for example by allowing your employees to work from home, where possible, or travel to work by public transport, bicycle or electric car.

From 1 July 2024 employers who employ 100 or more people will therefore be required to report on the business travel and commuting journeys of their employees. This obligation forms part of the Ministry of Infrastructure and Water Management's Environment and Planning Act.

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. You should therefore make sure your accounting system is ready for this!



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 must be submitted by no later than 30 June 2025. In 2025 you can choose whether to report on the second half of 2024 only or on the whole of 2024. Full-year reporting will be mandatory from 2026.

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 DECREASE IN FIXED BUDGET UNDER WORK-RELATED EXPENSES SCHEME IN 2024

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 2024 the fixed budget under the work-related expenses scheme has been reduced to 1.92% (2023: 3%) 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 2023.

This means that in 2023 the maximum fixed budget amounted to $3\% \times € 400,000 = € 12,000$, plus 1.18% on the excess amount of the wage bill. In 2024 the maximum will therefore be $1.92\% \times € 400,000 = € 7,680$, plus 1.18% on the excess amount of the wage bill. The fixed budget has thus been reduced by up to € 4,320.

Tip:

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 if this will result in your employee's wage falling below the statutory minimum wage.

Please note:

If the group scheme is applied, the fixed budget is set at 1.92% 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:

Check first whether the group scheme would be beneficial for you. For 2024 you do not need to make a definitive decision until the second return period of 2025.

4.2 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 2024 this untaxed allowance amounts to € 2.35 per day (2023: € 2.15 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 2024. In 2023 this was € 3.55 per meal and in 2024 amounts to € 3.90 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.

Under certain conditions, accommodation provided for employees at the workplace may be zero rated. 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, subject to certain conditions.

This standard amount for accommodation and lodging is increasing from € 6.10 per day in 2023 to € 6.70 per day in 2024.

5. SUBSIDIES AND ALLOWANCES

5.1 PRACTICAL LEARNING SUBSIDY SCHEME

The subsidy is an allowance for the costs that employers incur for supporting an apprentice, participant or student. This scheme aims to develop well-trained personnel who are better prepared for the labour market.

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.

The amount of the subsidy for each apprenticeship or work placement provided is calculated on the basis of the amount available for the category in question, divided by the number of apprenticeships or work placements provided that qualify for a subsidy in that category, up to a maximum of € 2,700 per apprenticeship or placement.

Approved work placement companies at upper secondary vocational level (MBO) in the agricultural, hospitality and recreation sectors receive an additional supplement on top of the practical learning subsidy. This supplement is only available for the 2023/2024 academic year.

The extension of the practical learning subsidy scheme was published in the Government Gazette on 31 October 2023. This means that it is possible to apply for a subsidy annually up to the end of the 2027/2028 academic year. A number of changes are being made to the scheme. The main ones are as follows:

- The deadline for applying for a subsidy will be 5 p.m. on 17 September (from 2024 to 2027). A deadline of 5 p.m. on 18 September will apply in 2028 only.
- 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 2024 it is possible to submit applications from Monday 3 June 2024 to Tuesday 17 September 2024 at 5 p.m.

5.2 PRACTICAL LEARNING SUBSIDY SCHEME FOR THIRD LEARNING PATHWAY

In 2024 you can again apply for a subsidy for the practical learning subsidy scheme for the third learning pathway. This subsidy scheme is only available for placements provided for jobseekers or workers who are at risk of becoming unemployed in the near future. The dates of the 2024 application periods are not yet known, but once they have been announced you will be able to find them here.

Subsidy conditions

The subsidy reimburses a portion of the costs incurred by an approved work placement company for practical support provided to a student who is following an upper secondary vocational (MBO) course in the third learning pathway and is a jobseeker or at risk of becoming unemployed. The placement must take the form of a short period of further training or retraining.

A person is regarded as a jobseeker if he/she is registered as a jobseeker with the Employee Insurance Agency (UWV). This covers people who are receiving a benefit and are able to work. However, people who are not receiving a benefit can also register as a jobseeker with the UWV.

Level of subsidy

As an approved work placement company you can receive the subsidy for a maximum of 40 weeks. If you provide a placement for this duration, the maximum subsidy is € 2,700. The available budget per application round amounts to € 4.5 million. If the applications exceed the available budget, it will be divided amongst the applicants. The scheme will run at least until the end of 2025.

Please note:

You cannot apply for this subsidy for MBO students following the school-based learning pathway (BOL) and work-based learning pathway (BBL).

Not yet an approved work placement company?

If you are not yet an approved work placement company, you may be eligible to become one. You can check the conditions that apply here. The approval is assessed every four years.

5.3 SLIM SUBSIDY SCHEME IN 2024

The SLIM (SME Learning and Development Incentive Scheme) subsidy can help you keep your employees motivated and well qualified. Projects that are eligible for the SLIM subsidy include:

- Drawing up a training or development plan in which the company is examined and its training needs are highlighted.
- Obtaining career or development advice for your employees.
- Developing or introducing a new method that encourages your employees to further develop their knowledge, skills and professional attitude during work time (e.g. motivational leadership, coaching and drawing up job profiles).
- Offering practical training placements as part of the third learning pathway.

The SLIM subsidy percentage is between 60% and 80% of the eligible costs, with a maximum subsidy of € 25,000.

In 2023 the SLIM subsidy was only available to SMEs, alliances of SMEs and large companies within the agricultural, hospitality and recreation sectors. From 2024, use of the subsidy for individual training is also likely to be possible for a temporary period. The budget is also increasing significantly by € 73.5 million in 2024.

Please note:

The SBI code from the CBS (Statistics Netherlands) must be used to demonstrate that a company operates in the agricultural, hospitality or recreation sector.

The first application period for SMEs in 2024 runs from 9 a.m. on 1 March 2024 to 5 p.m. on 28 March 2024. A further application period will follow from 9 a.m. on 2 September 2024 to 5 p.m. on 30 September 2024. This year alliances and large companies can submit applications from 9 a.m. on 3 June 2024 to 5 p.m. on 31 July 2024.

5.4 CHANGES TO SALARY COSTS (INCENTIVE ALLOWANCES) ACT

The government is keen to improve the way the Salary Costs (Incentive Allowances) Act (Wtl) works. At present, the Act is doing too little to encourage employers to take on and retain people in a vulnerable position on the labour market.

The Wtl comprises three instruments: the low-income allowance (LIV), the wage expense allowance (LKV) and the youth low-income allowance (youth LIV). It is possible that the LIV will be abolished from 1 January 2025. The funds freed up will remain available for employees who fall within the target group of the job arrangement for persons with an occupational disability (banenafpraak).

The youth LIV was previously halved and has been abolished with effect from 2024. However, the youth LIV due for 2023 will still be paid out in 2024.

Lowering of upper limit of LIV hourly wage criterion

The upper limit of the hourly wage criterion for the LIV has been reduced from 125% to 104% of the statutory minimum wage with effect from 1 January 2024. To qualify for the LIV, the average hourly wage in 2024 must therefore fall between a minimum of € 14.33 and a maximum of € 14.91. This compares with a minimum of € 12.04 and a maximum of € 15.06 in 2023.

Abolition of LKV for older employees announced

If you meet all the conditions, under the current legislation you receive a wage expense allowance for your employee of € 3.05 per paid hour, up to a maximum of € 6,000 per calendar year, for a period not exceeding three years.

Please note:

You also 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.

Gradual abolition

The LKV for older employees is likely to be scrapped from 2025. This was announced in a letter to Parliament in November 2022, but is yet to be included in a legislative proposal.

The Upper and Lower House will then have to vote on it. If the announced change is passed by the Upper and Lower House, the LKV for older employees will be abolished in stages from 2025. What these stages are will depend on when an individual first acquires an entitlement to the LKV.

- If the employment relationship for which there is an entitlement to the LKV for older employees commenced before 1 January 2024, the entitlement to € 3.05 per paid hour will continue to apply for three years as normal. In this situation, provided that the three-year period has not yet expired, an entitlement to the LKV may therefore still exist in 2026.
- If the employment relationship for which there is an entitlement to the LKV for older employees commenced from 1 January 2024, there will be an entitlement to € 3.05 per paid hour in 2024 and to € 1.35 per paid hour in 2025. From 2026 onwards the entitlement to the LKV for older employees will then expire.

Tip:

If the employment relationship of your older employee commences in 2024 or later, you should check, in anticipation of the announced change to the law, whether you may also be entitled to the LKV for employees with an occupational disability for the employee concerned. There are no plans to abolish this LKV, which also amounts to € 3.05 per paid hour, up to a maximum of € 6,000. If you are able to claim the LKV for employees with an occupational disability, you will not be affected by the planned phasing out of the LKV for older employees.

Other announced changes to LKVs

The Ministry of Social Affairs and Employment is considering making even more changes to the LKVs. For example, it wants the LKV for persons within the target group of the job arrangement (banenafpraak) and for persons with an interrupted education (scholingsbelemmerden) to be made permanently available from 2025 (intended implementation 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.

In addition, the following changes are being planned from 2026:

- For benefit recipients aged 56 and above, persons with an occupational disability and redeployed persons with an occupational disability it will be possible to transfer the remaining duration of an



LKV to a new employer in the event of a change of employer. At the moment the LKV stops in such situations and often it is not possible to apply for a new one.*

- The conditions applicable to the LKV for the redeployment of employees with an occupational disability are being amended to make it easier for employers to qualify for this wage expense allowance.

**In the event of a transfer of an undertaking, the Tax and Customs Administration's position is that a wage expense allowance lapses and is not transferred to the acquiring employer. In 2022 the Arnhem-Leeuwarden Court of Appeal ruled in a case brought before it that in such a situation a wage expense allowance should in fact be included in the transfer to the acquiring employer. The case concerned the expiry of the target group declaration. The court ruled that this declaration remains valid, as it is applied for and obtained by or on behalf of the employee, and not by or on behalf of an employer. All rights and obligations are transferred, including the wage expense allowance. On 23 April 2023 an Advocate General confirmed this position in the advisory opinion he submitted to the Supreme Court. It is therefore now a question of waiting to see what the Supreme Court itself rules. To be on the safe side, check the wage expense allowance box in your payroll tax return to avoid missing out on any entitlements. If your provisional calculation for 2024 is incorrect, submit an objection promptly.*

5.5 WAGE COST SUBSIDY SCHEME AMENDED FROM 1 JULY 2023

With effect from 1 July 2023 a number of changes were made to the wage cost subsidy scheme. The conditions have been relaxed and the decision-making period following an application has been shortened. These changes are intended to make it a more attractive option for you as an employer to take on an employee with a disability.

Wage cost subsidy for less productive employee

Under certain conditions, you can apply for a wage cost subsidy for employees who, as a result of a disability, are less productive than employees without a disability.

This subsidy makes up the difference between the wage value of an employee and the minimum wage, up to a maximum of 70% of the minimum wage.

Applications now also possible after employment has started

From 1 July 2023 you can apply for the wage cost subsidy up to six months after a person's employment has started. Initially, applications could only be made for employees whose employment had not yet commenced. The above is subject to the condition that the employee has followed practical training, special secondary education (VSO) or a level 1 upper secondary vocational (MBO) course before starting employment.

Local authority now has to decide within five weeks

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).

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 is being restricted with effect from 2024. The minimum salaries have also been raised significantly in 2024.

Balkenende standard as a maximum

From 2024 the 30% scheme will be subject to a maximum salary, in the form of the so-called Balkenende standard. This means that, as of this year, this scheme can 'only' be applied to a salary up to a maximum of € 233,000.

Please note:

You only need to take the Balkenende standard into account from 2026 if you applied the 30% scheme to an employee's salary for the last pay period of 2022.

Scaling back of 30% scheme

Besides the introduction of a salary cap, the 30% scheme is also being scaled back from 2024. From 1 January 2024 it is possible to apply the scheme unchanged for the first 20 months: i.e. you can pay 30% of the salary free of tax as an expense allowance. This will then fall to a level of 20% of the salary for the next 20 months and to just 10% for the 20 months after that.

Please note:

This restriction of the scheme does not apply to existing situations in which the 30% scheme was applied in the last payroll tax return period of 2023. Transitional arrangements apply up to 2027.

Please note:

Employees who take advantage of the 30% scheme do 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 is being withdrawn. This does not apply to existing situations in which the 30% scheme was applied in the last payroll tax return period of 2023. Transitional arrangements apply up to 2027.

Please note:

The Upper House has tabled a motion asking the government to bring forward the planned evaluation of the 30% scheme and, on the basis of this evaluation, to propose – in the 2025 Tax Plan – an alternative to the 30% scheme that is less harmful to the economy. It is therefore possible that further changes will be made to the 30% scheme next year.

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 as a cap and you are also not affected by the scaling back of the 30% scheme.

Specific expertise

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. In 2023 the employee's salary had to amount to at least € 41,954, but this is rising to € 46,107 from 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 (AIOs). In the case of incoming employees who are under the age of 30 and have obtained a master's degree a salary standard of € 31,891 applied in 2023. This is rising to € 35,048 in 2024.

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.

6.2 INCORPORATING THE 30% SCHEME INTO PAYROLL TAX RETURNS FOR EXPIRED PAY PERIODS

In practice it is not always clear whether and how the 30% scheme can be applied to periods for which the tax return deadline has expired. A decision dealing with this question was therefore published on 21 December 2023.

In the following situations, and subject to the conditions set out, the withholding entity may take the following points as a basis for application of the 30% scheme:

- During the application period for a decision or a review of a decision, the 30% scheme may be applied – in anticipation of that decision – in the payroll tax return for the period for which the application or the request for a review has been submitted. If it is confirmed that the decision will not be issued for the period in question, the payroll

tax returns filed for pay periods for which the tax return deadline has expired must be corrected by submitting correction reports.

- The withholding entity may also choose not to apply the 30% scheme in anticipation of the inspector's decision. In that case the payroll tax returns for pay periods for which the tax return deadline has expired may be corrected by submitting correction reports for the period in which, according to the decision, there is an entitlement to apply the 30% scheme.
- If a decision that has been issued is revised by means of a new decision that relates (in part) to pay periods for which the tax return deadline has expired, the 30% scheme may be applied to these pay periods by submitting correction reports.

Conditions

The above starting points only apply if it is apparent from the agreements made under employment law that the withholding entity has granted the employee a 30% reimbursement and all other conditions for application of the 30% scheme have been met.

6.3 SOCIAL INSURANCE OBLIGATION FOR CROSS-BORDER TELEWORKERS

Employees who live abroad 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 can then be insured in the Netherlands instead of their country of residence. The SVB opened its service point for such applications on 5 July 2023.

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, up to 25% of the employee's working hours may be worked in his/her country of residence.

New agreements

During the coronavirus pandemic many cross-border workers spent more than 25% of their working hours working in their country of residence. A temporary exception was introduced for such workers. This expired on 1 July 2023. To address the problem facing teleworkers, EU countries made new arrangements and set these out in a Framework Agreement.

Conditions

Certain conditions apply to qualify for the exception. One of them is that teleworkers must spend no more 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.

Apply now

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.

Please note:

As the SVB cannot deal with all applications immediately, it is possible for the exception to be granted with retroactive effect for up to one year. This means that an application with a commencement date of 1 July 2023 can be submitted up to 1 July 2024 at the latest. A condition for this long retroactive effect being granted is that the teleworker pays social security contributions in the Netherlands only over the period starting from 1 July 2023.

Please note:

From 1 July 2024 the retroactive effect will amount to a maximum of three months. During this three-month period the teleworker must pay social security contributions in the Netherlands only.

6.4 UKRAINIAN EMPLOYEES ON THE PAYROLL

Many employers have now 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 2025 without having to apply for asylum. This period may be extended in several stages up to a maximum of three years.

The website of the Immigration and Naturalisation Service (IND) indicates precisely to whom the Temporary Protection Directive applies (<https://ind.nl/nl/oekraine/richtlijn-tijdelijke-bescherming-oekraine#voorwaarden-richtlijn-tijdelijke-bescherming>).

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 or a separate piece of paper; in some cases a pass (O-document) is issued. You can see what the sticker looks like and what information is on it by following this link (<https://ind.nl/nl/documenten/06-2022-wat-betekent-dat-voor-u0.pdf>).

Since 1 November 2022 this proof of residence, allowing the Ukrainian national to demonstrate that he/she has permission to be in the Netherlands, has been required to be able to work.

Work permit

Since 4 March 2022 employers have no longer needed to apply for a work permit for Ukrainians. Certain conditions apply, however:

- Refugees from Ukraine are only permitted to work in an employed capacity.
- 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. See the following link: <https://www.uwv.nl/werkgevers/formulieren/melden-tewerkstelling-van-een-tijdelijk-beschermde-werknemer-uit-oekraine.aspx>.
- The Ukrainian refugee must demonstrate by means of a sticker in his/her passport or an O-document issued by the IND that he/she falls under the Temporary Protection Directive.

Please note:

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

The work permit exemption applies to individuals with Ukrainian nationality who were residing in Ukraine on 23 February 2022, fled Ukraine on or after 27 November 2021 or can demonstrate that they were already residing in the Netherlands before 27 November 2021. Family members (spouses, unmarried under-age children and other close family members) of the persons referred to above also qualify for the exemption.

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 exact place of residence has to be determined.

6.5 24-WEEK REQUIREMENT FOR ASYLUM SEEKERS SCRAPPED

The rule that asylum seekers are only allowed to work in the Netherlands for 24 weeks a year is in contravention of the European Reception Conditions Directive. This is the conclusion reached by the Council of State in December 2023.

All 24-week permits have been converted into permits for the duration of the stay in the Netherlands. Employers are now able to employ asylum seekers for longer periods.

Please note:

Asylum seekers can only start work if the processing of their asylum application has been in progress for at least six months.

7. EMPLOYMENT LAW AND SOCIAL SECURITY LAW – MISCELLANEOUS

7.1 FROM MONTHLY WAGE TO STATUTORY MINIMUM HOURLY WAGE

The statutory minimum wage is indexed twice a year: on 1 January and 1 July. On 1 January 2024 it increased by 3.75%.

Alongside this increase, the statutory minimum hourly wage was also introduced from 1 January 2024. This means that the law no longer prescribes fixed minimum daily, weekly or monthly wages. From 1 January 2024 the statutory gross minimum hourly wage for employees aged 21 and above amounts to € 13.27 per hour.

The scope of full-time employment can, however, differ from one sector to another (e.g. 36, 38 or 40 hours per week). In 2023 the same minimum monthly wage applied in all these cases.

This means that a person employed for 40 hours per week in 2023 actually received a lower hourly wage than a person employed for 36 hours per week, for example. This inequality is now a thing of the past.

Tip:

The gross amounts of the minimum hourly wage applicable from 1 January 2024 for all age groups and for people following the work-based learning pathway (BBL) can be found at the end of this document.

Practical

- The introduction of a statutory minimum hourly wage means that the salary scales in many collective labour agreements will need to be adjusted. Salary scales at minimum wage level will have to be recalculated, as there are no longer any fixed monthly, weekly or daily amounts.
- 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.

7.2 CHANGE TO FLEXIBLE WORKING ACT (WFW)

The Wfw regulates employees' rights in relation to changing the length of the working week, working hours and place of work. An employee can ask the employer in writing to change these, provided that a number of conditions are met:

- The employee must have been in employment for at least 26 weeks.
- The request must be submitted in writing at least two months before the date on which he/she wants the change to take effect.
- The employer must respond in writing no later than 1 month before the date on which the employee wants the change to take effect. In the absence of a response the request is considered to have been approved.

Change to length of working week and working hours: compelling company or business interests

In principle, the employer is required to agree to a request to change the length of the working week /

working hours. Such a request may only be refused on the basis of compelling company or business interests that have been clearly described. These include serious problems relating to safety, for example.

Change to place of work: employer must consider request

A lighter regime applies to the rejection of requests to change the place of work. The employee only has the right to submit a request and the employer has to consider it. However, if the request is rejected, the employer must set out the reasons why. As, in many cases, the employer and employee arrive at a solution together by mutual agreement, the private member's bill on the Work Where You Want Act – which was designed to improve the position of employees as regards their right to work from home – was rejected.

7.3 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 2024 the maximum transition payment is € 94,000 (2023: € 89,000), 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 here.

7.4 POSSIBILITY OF 'PRACTICAL ASSESSMENT' OF WIA APPLICATIONS FROM 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, it has been proposed that, from July 2024, a practical rather than a theoretical assessment should be performed, where possible.

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. As things stand, these arrangements are due to remain in place until the end of 2024. This simplified assessment means that – if the employer and employee agree to it – a sick employee over the age of 60 will be 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. This year a new measure may be added to this.

Under the current rules, employees who still have income from employment are subject to both a practical and a theoretical assessment (an estimate of what the employee can still earn in theory). Whether or not incapacity for work benefit is granted is then determined on the basis of the assessment that has 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 is due to be introduced on 1 July 2024 and will apply for three years.

Please note:

The new approach will apply 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.

7.5 PROPOSED REFORMS OF NON-COMPETITION CLAUSE

The Minister of Social Affairs and Employment is keen to prepare a legislative proposal aimed at modernising the non-competition clause. In it she is planning to develop the following proposed changes in more detail:

- putting a legal limit on the duration of the non-competition clause;
- making it mandatory to include a specified and substantiated geographic scope in a non-competition clause;
- making it mandatory, when a non-competition clause is included in an employment contract for an indefinite period, to substantiate the 'important business interest' justifying its inclusion, as is the case for fixed-term employment contracts;
- in principle, requiring the employer to make a payment, set at a certain, legally prescribed percentage of the employee's most recent salary, if the employer successfully invokes the non-competition clause.

Please note:

It is not yet known when the proposed changes are due to take effect.

7.6 NEW OBLIGATIONS IN THE EVENT OF ABSENCE DUE TO ILLNESS FROM 1 JULY 2023

Since 1 July 2023 employers and employees have been required to set out their opinion in writing in the action plan, in any adjustments made to this plan and in the first-year evaluation ('reflection moment'). This opinion may relate, for example, to work opportunities, suitable work or doubts about the recommendations made by the company doctor. Introducing this obligation lays down in law what in many cases was already happening in practice.

The action plan has to be adapted periodically – at least once every six weeks – if there is cause to do so. The opinion, which has been a compulsory element since 1 July, focuses on both the shorter and longer term. Like the action plan itself, this can be adapted on a regular basis, if necessary. It is up to the employer and employee to discuss the possibilities they can see for resuming work, make agreements on them and document these in the action plan. As the opinion to be drawn up requires a certain amount of knowledge of the law, the employer and employee can ask an employment expert, a case manager or a job coach to support them with this task, if necessary.

The aim of the above change is to promote discussion about reintegration, increasing the engagement of the employer and employee and helping to make the reintegration a success. The employer and employee can make agreements, for example, on suitable alternative work, if the employee's own work is no longer appropriate. If no reintegration activities have been carried out, this must also be documented and reasons given for this. In the event of doubts about the recommendations made by the company doctor, the employee can request a second opinion from another company doctor contracted by the employer or an expert opinion from the UWV. The latter can also be requested by the employer. Matters that are relevant to promote a successful reintegration must be discussed by the employer and employee. The opinion to be drawn up is a tool that can help them achieve this and is therefore a valuable addition for both employers and employees.

Please note:

This change also applies to employers who are self-insurers under the Sickness Benefits Act and their (former) employees. After all, such employers have the same reintegration obligations as any other employer.

Please note:

The reintegration opinion applies to documents drawn up after 1 July 2023. Periods of sickness are added together if there is a gap of less than four weeks between them. If, as a result, the first day of sickness is before 1 July 2023, the measure applies only to those documents drawn up after this date.

7.7 EMPLOYMENT AGENCIES MUST CONTINUE TO PAY WAGES IF TEMPORARY WORKERS FALL SICK

Until a ruling by the Supreme Court on 17 March 2023, both collective labour agreements for temporary workers (the ABU and NBBU collective labour agreements) stipulated that, if a temporary employment clause was included in the temporary employment contract, the contract ended from the moment the temporary worker fell sick. The temporary worker was then entitled to sickness benefit from the UWV. The process was based on the fiction that the hirer had invoked the temporary employment clause when the worker fell sick, regardless of whether this was actually the case.

On 17 March 2023, however, the Supreme Court ruled that this fiction is not legally valid and that, to terminate the temporary employment contract, the hirer must explicitly invoke the agreed temporary employment clause. If the hirer has failed to do so, the contract is not automatically terminated in the event of sickness and the agency has to continue paying the temporary worker's wages. The UWV can ask the agency to provide a written declaration demonstrating that the hirer has invoked the temporary employment clause.

As a result of a change made to both collective labour agreements for temporary workers, since 1 July 2023 it has no longer been possible for hirers working with employment agencies that are bound by one of these agreements to invoke the temporary employment clause in the event of sickness. This means that these agencies are required to continue paying the wages of sick temporary workers until the end date of the contract. These collective labour agreements therefore go a step further than the Supreme Court's judgment.

Please note:

While the temporary employment contract remains in force, the sick temporary worker is entitled to 90% of his/her wages for the first 52 weeks and to 80% for weeks 53 to 104.

7.8 NOTIFICATION OBLIGATION FOR ORGANISATIONS THAT MAKE WORKERS AVAILABLE

Initially, the government had been planning to introduce a certification system for organisations that make workers available. This plan has now been scrapped. A legislative proposal has been brought before the Lower House that aims to introduce a public accreditation system for companies or legal entities that make workers available.

What this means for suppliers

The above means that, from 2026, 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 making workers available legally 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.

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.

Wage expense allowance to be permanently available

If an employer takes on someone who falls under the target group of the banenafspraak, the employer is entitled to a wage expense allowance (LKV). At the moment this LKV is paid for a maximum of three years. The intention is to make it permanently available. Employers and employees will also no longer need to apply to the UWV for a special declaration to qualify for the LKV, reducing the administrative burden. It is proposed that the above changes will take effect in 2025.



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 RIGHT TO CONTINUED PAYMENT OF SALARY IN THE EVENT OF SICKNESS

In practice, there are situations in which an employee receives all or part of his/her salary without the deduction of payroll taxes. What happens if such an employee falls sick? Is he/she then entitled to the continued payment of the full salary?

Salary payable for all hours?

At his own request, an employee who works as a driver receives part of his salary without the deduction of payroll taxes. At a certain moment he falls sick. His employer only pays him the salary for a portion of the hours worked. The employee disagrees with this and takes the matter to court to obtain the salary for the full amount of paid hours.

Paid in cash

The subdistrict court rules that the fact that no tax is paid on the salary paid in cash does not mean that there is no employment contract. It makes no difference that the employee took the initiative in this matter, as the employer evidently agreed to this approach.

The subdistrict court therefore does not consider it contrary to the principles of reasonableness and fairness for the employee to continue to receive all of his salary during his period of sickness.

No written contract

The employee had demanded the continued payment of 100% of his salary, but due to the absence of a written contract, it is necessary to refer to the law as regards the portion of the salary paid in cash. This stipulates that, in the event of sickness, an employee is entitled to 70% of his/her salary and, during the first year of sickness, to at least the statutory minimum wage.

Gross or net

The next question of interest is whether the supplementary payment should be made gross or net. The court rules that, if it were to award a net amount, it would be party to tax evasion. As it is, of course, unwilling to put itself in this position, it will only award gross amounts. The employer therefore has to process the missing hours gross in accordance with the law and pay payroll tax.

Please note:

This is an expensive lesson for the employer. It is important for employers to stay alert and not agree to requests for 'black-market' wages or net cash payments.

7.11 OFFSETTING CLAIMS WITH SALARY UPON DEPARTURE NOT ALWAYS PERMITTED

An employer had not settled the final salary payment of a departing employee, as he believed he was entitled to offset outstanding claims against the employee with this salary. The employee disagreed and in interlocutory proceedings demanded payment of the overdue salary from her former employer.

Lease car

The employee had been hired on a six-month contract, which had expired on 30 April 2023. The employer's view was that he had suffered damage due to unauthorised use of the lease car by the employee. However, the employer had failed to substantiate exactly what this damage consisted of.

Offset salary with lease car?

The employee stated that her salary for January and February 2023 had not been paid in full and her salary for March and April 2023 had not been paid at all. For this reason she was demanding payment of the overdue salary for the months of January to April.

The employer took the view that the damage was higher than the amount of overdue salary that the employee was claiming. This was disputed by the employee, who argued that, if the employer had suffered damage, this could not be offset with her salary.

No clear picture

The subdistrict court agreed with this view, as the employer had failed to provide a clear picture of what exactly the damage consisted of and what the level of the damage was. It was therefore impossible to establish whether or not the employer had suffered damage that he could offset with the employee's salary.

When is offsetting allowed?

In principle, when the final settlement of a departing employee's salary takes place, any claims that remain outstanding may be offset, provided that, as is apparent from the above case, the items to be offset can be demonstrated.

In the interim, only the following may be offset by the employer:

- any compensation that the employee owes to the employer;
- any fines that the employee owes to the employer;
- advance salary payments, provided that there is written evidence of them;
- overpaid salary;
- the rent for a dwelling or other space, for a piece of land or for tools, machines and equipment that the employer has rented out to the employee by means of a written agreement.

Please note:

Even though offsetting is permitted, at least the net portion of the statutory minimum wage must be paid into the employee's bank account.

7.12 WHEN CAN HOLIDAY BE TRANSFERRED WITHOUT ANY TAX-RELATED ISSUES?

When employees switch to another employer they will sometimes choose to take the holiday they have already accrued with them. The conditions under which this can take place without any tax-related issues was recently clarified.

Accrued holiday

When employees change employer they have often not yet taken all the holiday they have accrued.

In most cases payment is made in lieu of this holiday, but sometimes employees choose to take the accrued holiday with them to their new employer. The old employer then pays the value of this holiday to the new employer, so that the latter can use this to cover the cost of the leave.

Value not deemed to have been received

It was recently announced under what conditions – in the event of accrued holiday being transferred from one employer to another – the value of the holiday entitlement is not deemed to have been received and there is consequently no need to immediately settle the tax on it. This will only take place when the holiday is taken at the new employer.

Conditions

The tax does not have to be settled immediately if the employee makes the choice to transfer all or part of the holiday to the new employer before the end of his/her employment.

Please note:

The employee must make this choice in consultation with his/her old and new employer and both must agree to it.

Employee has not received cash value

It has been explained that in the above situation the employee has not received the cash value of the holiday days, but the right to take this holiday in the form of time off work.

7.13 WHISTLEBLOWER PROTECTION ACT ALSO FOR SMALLER EMPLOYERS

Employers who generally employ at least 50 people were already required to have a procedure in place for dealing with reports of suspected misconduct within their organisation. Article 2 of the Whistleblower Authority Act set out the conditions that this procedure needs to meet.

Since 17 December 2023 stricter requirements have applied to this internal reporting procedure for all employers with at least 50 employees. For example, the person making the report must obtain confirmation of receipt within seven days and must be given information on the assessment of his/her report within a reasonable period of no more than three months.

Under the Whistleblower Protection Act, such persons include not only the employees or officials working for the employer, but also temporary workers.



Volunteers and trainees are also included, provided that they are receiving a payment for their work.

In addition, the employer must provide information on the following, in writing or in electronic form, to all persons in its employment:

- The internal reporting procedure.
- How reports of suspected misconduct, including breaches of EU law, can be made to competent authorities outside the organisation.
- The legal protection afforded to employees (such as the ban on detrimental treatment by the employer following a report of suspected misconduct or a breach of EU law).
- The fact that the identity of the person making the report is kept confidential, unless the individual consents to his/her identity being disclosed. The employer must ensure that its employees also observe this confidentiality obligation.
- The employer must ensure that reports are properly recorded.

You can find more information [here](#).

8. SELF-EMPLOYED PERSONS

8.1 LEGISLATIVE PROPOSAL TO TACKLE BOGUS SELF-EMPLOYMENT

With the Assessment of Employment Relationships and Legal Presumption (Clarification) Act the government is aiming to restore the balance when it comes to working with and as (a) self-employed person(s). A legislative proposal was presented for consultation last year on guidelines and measures relating to when a person is working as an employee and when it is possible to work in a self-employed capacity.

Three legislative proposals

The current caretaker government is continuing to work on various legislative proposals in the area of work and employment. The legislative proposal that was put out for consultation is part of the labour market package presented in April 2023, comprising a set of related measures aimed at giving workers greater certainty and helping businesses become more agile.

Part of the package is intended to restore the balance when it comes to working with and as (a) self-employed person(s). This reform will follow three parallel tracks:

1. Levelling the playing field in terms of contract forms for employees and self-employed persons.

2. Clarifying the rules on when a person is working as an employee and when it is possible to work in a self-employed capacity.
3. Reinforcing and improving enforcement, in preparation for the lifting of the moratorium on enforcement from 1 January 2025.

Aim of legislative proposal

This legislative proposal aims to help restore the balance between working with and as (a) self-employed person(s), on the one hand, and working with and as (an) employee(s), on the other. It clarifies when a person has to work as an employee and when it is possible to work in a self-employed capacity. In addition, it is intended to help workers with limited bargaining power to claim an employment contract.

The measures

The legislative proposal contains the following measures:

1. Clarification of the assessment of employment relationships

The legislative proposal sets out when a person is working under the authority of a manager. Within this context three main elements are being introduced to create clarity for workers, employers, commissioning parties, administration agencies and the legal system:

- whether there is a relationship of subordination in respect of the work,
- whether the activities are embedded within the organisation and
- whether the person is working at his/her own expense and risk.

These criteria should ensure that employment relationships are assessed in a consistent way.

2. Legal presumption of hourly rate

This proposal introduces the legal presumption that an employment contract exists in the event of an hourly rate below € 32.24 (reference date: 1 July 2023). The employer has to provide proof to the contrary.

Easier to claim an employment contract

These measures should make it easier for workers at the lower end of the labour market to claim – vis-à-vis their employer or the courts – that an employment contract exists. An additional advantage is that the legal presumption will have a preventive effect, as when work is carried out at a lower rate the employer will assess more carefully whether the job can be performed by a self-employed person or whether there has to be an employment contract.

Please note:

Over 1,100 responses have been received to the online consultations, the vast majority of which are critical. The question therefore is whether, and to what extent, this legislative proposal will make it across the line.

8.2 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.

8.3 DECLARE PAYMENTS TO NATURAL PERSONS TO TAX AND CUSTOMS ADMINISTRATION IN JANUARY 2024

Did you make payments in 2023 to natural persons who were not employed by you or who issued an invoice to you without VAT, and are you a withholding entity for payroll tax purposes? If so, you must declare these amounts to the Tax and Customs Administration this month, i.e. by 31 January 2024 at the latest.

Statement of amounts paid to third parties

The compulsory declaration to the Tax and Customs Administration of amounts paid to natural persons is also referred to as the statement of amounts paid to third parties (opgaaf Uitbetalings bedragen aan derden (UBD statement)). Up to the end of 2021 you only had to submit this UBD statement if the Tax and Customs Administration requested it.

Since 2022, however, it has been compulsory to do so on your own initiative. This obligation applies to:

- withholding entities, i.e. legal entities/persons with a payroll tax number, and
- certain collective management societies (CMSs).

No UBD statement required

The UBD statement applies to payments made to natural persons for work and services they have performed. Certain payments do not have to be declared, however. This is the case, for example, for payments you make to a natural person who is employed by you or who works for you as a volunteer. Payments made to a natural person who has issued an invoice including VAT are also exempted from the UBD statement.

Please note:

An entrepreneur – a natural person – who carries out VAT-exempt work for you is not exempted from your 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 information?

You submit the UBD statement digitally. The following information must be included:

- name, address, citizen service number (BSN) and date of birth of the natural person,
- the amounts paid in 2023, including any expense allowances paid to the natural person, and
- The date on which you made the payment.

Please note:

If you made a payment in kind to a natural person for work or services performed, you also need to declare this.

Deadline of 31 January 2024!

The payments you made to natural persons in 2023 must be declared to the Tax and Customs Administration by 31 January 2024 at the latest. If you are a withholding entity for payroll tax purposes or a collective management society, you must do so on your own initiative. In all other cases you only have to do so if the Tax and Customs Administration requests this information.

Reporting obligation

The obligation to declare the amounts paid to the Tax and Customs Administration is referred to in Dutch as the *resembleringsverplichting* (reporting obligation). You must submit this information on your own initiative. The obligation applies to two groups with a duty to keep records:

- withholding entities, i.e. legal entities/persons with a payroll tax number;
- certain collective management societies (CMSs).

Payments excluded from the obligation

Certain payments do not have to be declared. These include payments for work carried out by a volunteer, payments for work and services for which an invoice has been issued that includes VAT, payments for work and services performed by an employee, and payments relating to copyright.

Tip:

The reporting obligation does not apply to an employer who does not reside or is not established in, and is not a withholding entity in, the Netherlands.

Information to be supplied

The information must be supplied digitally. The following information is required:

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

Please note:

The payments made to a third party in 2023 must be declared to the Tax and Customs Administration by 31 January 2024 at the latest. You must therefore submit this information on your own initiative. Do not wait for the Tax and Customs Administration to ask for it.

9. PENSIONS

9.1 FUTURE OF PENSIONS ACT FINALISED

The Future of Pensions Act was finalised on 30 May 2023, after being passed by a large majority in the Upper House. This Act entered into force on 1 July 2023, but a transitional regime will apply to existing pension schemes until 2028 (this had initially been 2027 in the legislative proposal).

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 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. Pension funds can choose between the 'solidarity contribution scheme' (SPR) and the 'flexible contribution scheme' (FPR) (continued investment after retirement). The former offers, amongst other things, a hedge return for pensioners and can have a buffer of 15% of the pension assets to offset potential falls in 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 insured by definition until the employee retires.
7. The possibility of having 10% paid out as a lump sum on the retirement date (this was already law) is likely to take effect from 2024. This payment is then taxed in the year following that in which the state pension becomes payable, if the payment is taken in the first year of receiving the state pension. As a result, no state-pension contribution has to be paid on it.
8. Annuity premium tax relief will also increase to 30% (currently 13.3%) and the terminable annuity will be retained.
9. 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.
10. 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), a communication plan and a compensation 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.

Please note:

If it becomes apparent that the transition will not be possible by 2028, the deadline 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.

9.2 WITHDRAWAL OF 10% OF PENSION AS A LUMP SUM DEFERRED AGAIN

The possibility for employees to withdraw 10% of their pension as a lump sum is being deferred again. Minister Carola Schouten has announced that this option will take effect from 1 January 2025 at the earliest.

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. Until recently it was assumed that the new date would be 1 July 2024, but it is now being deferred again for at least another six months. Whether this new effective date will be achieved depends on how quickly the legislative proposal passes through the Lower and Upper House.

Cannot be combined with option of high/low pension payments

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%. This option cannot, however, be combined with the withdrawal of 10% of the pension as a lump sum on the pension date.

Tip:

Are you considering making use of the option of receiving a lump-sum pension payment in 2025? If so, talk to one of our advisors to find out what the (tax) consequences might be in your specific situation.

9.3 IS PERSONAL PENSION ADVICE TAXED?

Since the entry into force of the new Pensions Act on 1 July 2023 pension administrators have been obliged to support participants with their choice of pension. If an employer reimburses employees for the costs of additional personal pension advice, is this then taxed?

Mandatory support

Mandatory support means that the pension administrator ensures that, within the pension scheme, the employee is able to make an appropriate choice. Such support is limited in scope and does not mean that the employee has to be given an insight into other pension schemes or advised on the impact on benefits and taxes, for example.

Additional advice taxed?

The Tax and Customs Administration has announced that, in its view, additional personal pension advice constitutes taxable salary if the employer covers the cost of such advice. Otherwise, the employee would have had to bear these costs him/herself and is therefore receiving a benefit that is not tax-exempt. Under the current conditions, these costs can, however, be allocated to the work-related expenses scheme.

General information excluded

Costs associated with agreements that the employer makes on a collective basis in relation to employment conditions, such as information provided about its own pension scheme, are costs that fall exclusively to the employer. Such costs are not regarded as salary and are therefore untaxed for the employee.

10. APPENDICES TO 2024 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	36,97%
2	€ 75,518	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	19,07%
2a	€ 40.021	36,97%
3	€ 75.518	49,50%

Band	For annual salary from indicated amount up to next band	Payroll tax/national insurance contributions
1	€ 0	19,07%
2b	€ 38.098	36,97%
3	€ 75.518	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 Dependents Act (ANW)	0,10%	0,10%
	Long-Term Care Act (WLZ)	9,65%	9,65%
	Payroll tax	9,32%	9,32%
	Total for band 1	36,97%	19,07%
2a en 2b	Payroll tax	36,97%	36,97%
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	€ 3.362		for salary up to €24.812
Reduction in general tax credit for higher incomes		6,630%	for salary exceeding € 24.812 but not exceeding € 75.518
Maximum reduction	€ 3.362		applies from €75.518
Employed person's tax credit			
1st band percentage	-	8,425%	for salary from current employment up to €11.490
maximum in 1st band	€ 968	-	
2nd band percentage	-	31,433%	for salary from current employment from € 11.490
maximum in 2nd band	€ 4.190	-	to € 24.820
3rd band percentage	-	2,471%	for salary from current employment from € 24.820
maximum in 3rd band	€ 374	-	
Reduction in employed person's tax credit for higher incomes		6,51%	for salary from current employment from € 39.957
Maximum reduction	€ 5.532		applies from €124.934
Young disabled person's tax credit	€ 898	-	-

TABLE 2B: TAX CREDITS FOR PAYROLL TAX/NATIONAL INSURANCE CONTRIBUTIONS

Tax credit	State–pension age and above		Bijzonderheid
	Amount	Percentage	
General tax credit	€ 1.735		for salary up to €24.812
Reduction in general tax credit for higher incomes		3,420%	for salary exceeding € 24.812 but not exceeding € 75.518
Maximum reduction	€ 1.735		applies from €75.518
Employed person's tax credit			
1st band percentage	-	4,346%	for salary from current employment up to € 11.490
maximum in 1st band	€ 501	-	
2nd band percentage	-	16,214%	for salary from current employment from € 11.490
maximum in 2nd band	€ 2.161	-	to € 24.820
3rd band percentage	-	1,275%	for salary from current employment from € 24.820
maximum in 3rd band	€ 192	-	
Reduction in employed person's tax credit for higher incomes		3,358%	for salary from current employment from €39.957
Maximum reduction	€ 2.854		applies from € 124.934
Young disabled person's tax credit	€ 424	-	-
Elderly person's tax credit	€ 2.010	-	for salary up to € 44.770
Reduction in elderly person's tax credit for higher incomes	-	15,00%	for salary from € 44.770
Maximum reduction	€ 2.010	-	applies from € 58.170
Single elderly person's tax credit	€ 524	-	-

TABLE 3 MINIMUM WAGE FROM 1 JANUARY 2024 (ADJUSTED ON 1 JANUARY AND 1 JULY)

Age	Percentage	Per hour
21 and above	100.00%	€ 13.27
20	80.00%	€ 10.62
19	60.00%	€ 7.96
18	50.00%	€ 6.64
17	39.50%	€ 5.24
16	34.50%	€ 4.58
15	30.00%	€ 3.98

TABLE 4 MINIMUM WAGE FOR PERSONS FOLLOWING WORK-BASED LEARNING PATHWAY (BBL) FROM 1 JANUARY 2024 (ADJUSTED ON 1 JANUARY AND 1 JULY)

Age	Percentage	Per hour
21 (BBL)	100%	€ 13.27
20 (BBL)	61.50%	€ 8.16
19 (BBL)	52.50%	€ 6.97
18 (BBL)	45.50%	€ 6.04
17 (BBL)	39.50%	€ 5.24
16 (BBL)	34.50%	€ 4.58
15 (BBL)	30.00%	€ 3.98

TABLE 5 CONTRIBUTIONS FOR EMPLOYEE INSURANCE SCHEMES

Type of contribution	Amount/percent-age for 2023	Amount/percent-age for
Low General Unemployment Fund (AWf)	2.64%	2.64%
High General Unemployment Fund (AWf)	7.64%	7.64%
Differentiated Return to Work Fund (Whk)	See notification or decision	See notification or decision
Differentiated low Invalidity Insurance Fund	5.82%	6.18%
Differentiated high Invalidity Insurance Fund	7.11%	7.54%
Childcare Provisions Act (Wko) surcharge	0.50%	0.50%
Implementing Fund for the Government (Ufo)	0.68%	0.68%
<i>Size of the employer: depends on your assessable wage bill in 2022</i>		
	€ 36,200	€ 37,700
Small employer: up to 25x average assessable	€ 905,000	€ 942,500
Medium-sized employer: up to 100x average	€ 3,620,000	€ 3,770,000
Large employer: 100x average assessable	€ 3,620,000	€ 3,770,000

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
2023	€ 257.52	€ 1,287.61	€ 5,150.46	€ 5,579.66	€ 16,739.00	€ 66,956.00
2024	€ 275.49	€ 1,377.46	€ 5,509.84	€ 5,969.00	€ 17,907.00	€ 71,628.00

TABLE 7 PERCENTAGES FOR CONTRIBUTIONS UNDER HEALTHCARE INSURANCE ACT (ZVW)

Healthcare Insurance Act	2023	2024
Employer levy under Zvw	6.68%	6.57%
Zvw contribution deducted by employer	5.43%	5.32%
Seafarers (including share fishermen)	0.00%	0.00%
Maximum assessable salary for	€ 66,956	€ 71,628

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 € 350,000	32%
For start-ups the (increased) tax credit in the 1st band amounts to	up to € 350,000	40%
The tax credit on the excess amount in the 2nd band amounts to	more than € 350,000	16%

TABLE 9 EARLY RETIREMENT (RVU) EXEMPTION

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

TABLE 10 TAX EXEMPTION FOR VOLUNTEERS

Tax exemption for volunteers (not salary)	2023	2024
Standard amount per year	€ 1,900	€ 2,100
Standard amount per month	€ 190	€ 210
Standard amount per hour for persons aged 21 and	€ 5	€ 5.50
Standard amount per hour for persons under 21	€ 2.75	€ 3.25

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/percent-age	Amount/percent-age
Tax-free allowance per kilometre	Specific exemption	€ 0.21	
Tax-free homeworking allowance	Specific exemption	€ 2.15	€ 2.35
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	€ 3.55	€ 3.90
Value of accommodation/lodging	Addition to taxable income	€ 6.10	€ 6.70
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		3,00% 1,18%	1,92% 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			€ 0,55

TABLE 13 LOW-INCOME ALLOWANCE (LIV)

	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

TABLE 14 INCOME THRESHOLDS FOR 30% SCHEME

Payroll tax income threshold for 30% scheme	2023	2024
Salary of employee with specific expertise	€ 41,954	€ 46,107
Salary of employee with specific expertise under the age of 30	€ 31,891	€ 35,048
Capping of salary at Standardisation of Top Incomes	-	€ 233,000

TABLE 15 TRANSITION PAYMENT

Year	Amount
2023	€ 89,000
2024	€ 94,000

TABLE 16 OTHER STANDARD AMOUNTS AND PERCENTAGES

Standard amount for	Amount/percentage for 2023	Amount/percentage for 2024
Minimum amount of customary salary for substantial shareholders	€ 51,000	€ 56,000
Pseudo final levies for severance payments higher than	€ 576,000	€ 672,000
Authorisation to apply percentage below that in special remuneration table if difference in income tax	€ 227 / 10%	€ 227 / 10%

For more detailed information and questions, please contact your advisor within one of the RSM-offices:

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