

A photograph of three business professionals in an office setting. A woman in a light-colored blazer is leaning over a desk, pointing at a document. Two men, one in a light blue sweater and one in a white shirt, are looking at the document. The background shows office windows and a modern interior.

## Important changes: New labor and employment law plans presented

In 2015 Dutch labor and employment law was thoroughly changed. On 9 April 2018 the government presented new intended amendments regarding labor and employment law with the Labor Market in Balance Bill (in Dutch: “Wet arbeidsmarkt in balans”). The government aims to bring balance on the labor market by making it more attractive and less risky for employers to offer their employees an employment agreement for an indefinite period. To this end, various measures have been proposed.



## Proposed amendments revising Dutch labor and employment law

The presented bill proposes various measures relating to dismissal and flexible employment. The main changes that are proposed are the following:

	Subject	Amendment
Dismissal rules	1. Dismissal grounds	<ul style="list-style-type: none"><li>▶ Expansion of the possibilities to dismiss an employee due to personal circumstances.</li></ul>
	2. Probationary period	<ul style="list-style-type: none"><li>▶ A longer probationary period can be agreed for new employees;</li><li>▶ A longer probationary period can be agreed for employees at the same employer, if clearly different skills and/or responsibilities are required from the employee.</li></ul>
	3. Transitional compensation (severance payment)	<ul style="list-style-type: none"><li>▶ Is due from the first day of employment;</li><li>▶ The accrual of the transitional compensation is the same for every employee, regardless of the length of the employment (the increased rate applicable as of 10 years of employment and older employees is abolished).</li><li>▶ Expansion of possibilities to deduct training costs from the transitional compensation.</li><li>▶ An arrangement will be put in place for small employers to compensate for the transitional compensation if the company of employer is going to be terminated due to retirement and/or illness of employee(s);</li></ul>

	Subject	Comment
Flexible employment	1. Use of fixed-term employment agreements	<ul style="list-style-type: none"> <li>▶ It becomes possible to employ an employee for a longer period of time on the basis of a fixed-term employment agreement;</li> <li>▶ The employee may be employed for a fixed period of three years (under current law: two years) before the employment agreement converts into an employment agreement for an indefinite period.</li> </ul>
	2. Non-competition clauses and probationary period	<ul style="list-style-type: none"> <li>▶ Employers cannot derive any rights from a non-competition clause if an employment agreement for an indefinite period of time is terminated during the probationary period, unless it is necessary due to important business and/or service interests and the employer motivates this in writing and/or electronically to the employee.</li> </ul>
	3. Payroll companies	<ul style="list-style-type: none"> <li>▶ Employees working for an organization on a payroll basis are entitled to the same conditions as the employees (directly) employed by that organization, except for pension entitlements.</li> </ul>
	4. On-call employees	<ul style="list-style-type: none"> <li>▶ Employers are required to call employees in writing at least four days in advance. Employees do not have to show up, if the call is made in a shorter period of time.</li> <li>▶ If employers terminate the call four days or less in advance, employees are entitled to the salary for the period for which the employees were called.</li> </ul>



## Conclusion

The current Dutch government presented the intended amendments with regard to Dutch labor and employment law. The government hopes that this will create an incentive for employers to more readily offer employees agreements of an indefinite period by making (among others):

- ▶ dismissal of employees on personal circumstances easier;
- ▶ dismissal of employees during probationary periods possible during a longer period of time;
- ▶ amendments to the transitional compensation, i.e. no higher accrual of the compensation for certain employees;
- ▶ it possible to temporarily employ an employee for a longer period of time.

The intended time of entry into force of the bill is 1 January 2020.

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## HVG Law

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