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Netherlands

Payroll & Employment Law Guide

2026 Edition · Last updated September 22, 2026

The CAO system, Belastingdienst loonheffingen parameters, holiday allowance and the 2026 incentives

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Overview

A reference for employing in Netherlands

The employment obligation begins with Belastingdienst employer registration and the loonheffingennummer. A foreign employer can register as an inhoudingsplichtige without incorporating; a branch and a representative office have different payroll effects.

€14.71	CAO	49.5%	30%
STATUTORY MINIMUM HOURLY WAGE FROM 1 JANUARY 2026	SECTOR AGREEMENT THAT SETS THE PAY FLOOR	TOP BOX 1 INCOME TAX RATE	EXPAT RULING TAX-FREE ALLOWANCE

WHAT THIS GUIDE COVERS

I

Setting Up and Doing Business

The employment obligation begins with Belastingdienst employer registration and the loonheffingennummer. A foreign employer can register as an inhoudingsplichtige without incorporating; a branch and a representative office have different payroll effects.

FORMATION AND REGISTRATION SUMMARY

STRUCTURE OR STEP	AMOUNT OR TIMING	AUTHORITY
BV minimum capital	EUR 0.01	Notaris and KVK
NV minimum capital	EUR 45,000	Notaris and KVK
KVK registration fee	EUR 85.15	KVK
Branch or representative office	Full load or preparatory activity	KVK
Loonheffingennummer	Within 1 week	Belastingdienst
Sector and Whk class	3 to 8 weeks	Belastingdienst
Aangiftebrief	Every November	Belastingdienst
Fund and Arbodienst	Before the first hire	Sector fund; Arbodienst

> Verify before payroll
> Regulatory note: The WAADI fine is EUR 8,000 for 1-10 workers and EUR 32,000 for 30 or more. Wtta starts January 1, 2027, becomes mandatory January 1, 2028 and carries a EUR 100,000 waarborgsom.

II · WORKING CONDITIONS AND LEAVE ENTITLEMENTS

Working time is statutory, while its monetary value largely comes from the CAO. Full-time hours are 36, 38 or 40 under the CAO, and annual leave is tracked in hours.

II

Working Conditions and Leave Entitlements

WORKING TIME AND LEAVE SUMMARY

TOPIC	DURATION OR RATE
Shift and week	Maximum 12 and 60 hours; 48 average over 16 weeks
Rest	11 hours daily; 36 weekly
Night shifts	Maximum 140 a year
Annual leave	4 times weekly hours; 160 on a 40-hour week
Leave balance	Expires July 1; excess lasts 5 years
Vakantiegeld	At least 8% of annual gross
Sickness	At least 70% in both 52-week periods
Family leave	16 weeks at 100%; 5 and 9 weeks at 70%

> Verify before payroll
> Watch out: Sick pay runs for 104 weeks. If reintegration is inadequate, the UWV can order up to 52 extra weeks, extending the total to 3 years.

III · TAX AND SOCIAL SECURITY

The loonheffingen return combines wage tax, national insurance, employee insurance and Zvw. Employee insurance is wholly employer-funded; the first band combines 8.10% tax with 27.65% national insurance.

III

Tax and Social Security

2026 TAX AND CONTRIBUTION PARAMETERS

ITEM	RATE OR AMOUNT
Box 1 first band	EUR 0-38,883; 35.75%
Box 1 second and third	38,883-78,426: 37.56%; above 49.50%
Tax credits	EUR 3,115 and 5,685
AWf	Low 2.74%; high 7.74%
Aof	Small 6.27%; other 7.63%
Whk and Zvw	1.52% and 6.10%
Annual contribution ceiling	EUR 79,409
Filing periods	12 or 13 yearly; January due February 28, 2026

> Verify before payroll
> Parameter warning: The 30 regeling is 30% in 2026 and 27% in 2027. The salary threshold is EUR 46,107, the maximum term 5 years and the filing window 4 months from the start date.

IV · PAYROLL OPERATIONS

Payroll audits look at identity, contract type, agreed hours and retention as well as calculation accuracy. Payment must be in euro by bank transfer, with the pay and filing periods aligned.

IV

Payroll Operations

PAYSLIP AND RECORD CONTROLS

TOPIC	RULE
Gross pay and period	Burgerlijk Wetboek 7:626
Components and deductions	Shown on separate lines
Minimum wage and hours	Hourly rate; AWf input
Contract type	Written, open-ended or on-call
Identification	Before work; driving licence invalid
Anoniementarief	52%; no credits or ceiling
Payroll and return records	7 years
Identity copy	5 years

> Verify before payroll
> Practical check: Loonaangifte requires eHerkenning EH3. The RVO pays annual compensation of EUR 24.20.

V · HIRING AND TERMINATION

A new hire is reported through the monthly loonaangifte. Termination normally requires a UWV permit or kantonrechter ruling. A contract not in writing remains valid but triggers the high AWf rate.

V

Hiring and Termination

PROBATION, NOTICE AND SEVERANCE

TOPIC	2026 RULE
Contract up to 6 months	No probation
Contract from 6 months to 2 years	1 month probation
2 years or open-ended	2 months probation
Chain rule	3 contracts; 36 months; 6-month break
Employer notice	At 5/10/15 years: 1/2/3 months; then 4
Transitievergoeding	One-third of a month per service year
Severance base	Fixed pay and holiday allowance
Maximum severance	EUR 102,000 or annual salary

> Verify before payroll
> Source note: Economic grounds and incapacity beyond 2 years go to the UWV; other grounds go to the kantonrechter. A settlement carries a 14-day withdrawal right.

VI · COMPENSATION AND BENEFITS

Statute sets the minimum hourly wage and holiday allowance, while the CAO sets pay scales and extra payments. WKR free space and targeted exemptions form the tax-efficiency layer; there is no statutory annual increase.

VI

Compensation and Benefits

2026 PAY AND WKR PARAMETERS

ITEM	JANUARY 1	JULY 1
Age 21 and over	EUR 14.71	EUR 14.99
Age 20	EUR 11.77	EUR 11.99
Age 19	EUR 8.83	EUR 8.99
Age 18	EUR 7.36	EUR 7.50
Ages 15-17	EUR 4.41-5.81	EUR 4.50-5.92
WKR first EUR 400,000	2.00%; maximum EUR 8,000	Above it 1.18%
WKR excess levy	80%	Employer-funded
Travel and home working	EUR 0.25/km	EUR 2.45 a day

> Verify before payroll
> Application note: Where a CAO floor is higher, payroll uses the CAO scale. Thirteenth-month pay is not statutory; where provided, it may run from 3% to 8.33% of annual gross.

VII · VISAS AND WORK PERMITS

EU, EEA and Swiss nationals can work without a permit; stays beyond 4 months require municipal registration and a BSN. Third-country nationals face a permit type, labour-market test and salary threshold.

VII

Visas and Work Permits

PERMIT AND SALARY THRESHOLD SUMMARY

PERMIT OR CATEGORY	2026 RULE
TWV	Up to 90 days; UWV decision in 5 weeks
GVVA	Work beyond 90 days; IND
Kennismigrant	No test; decision typically 2 weeks
EU Blue Card	Degree-based channel
Kennismigrant age 30+	EUR 5,942.00 a month
Under 30 and reduced	EUR 4,357.00 and 3,122.00
Blue Card	EUR 5,942.00; reduced 4,754.00
Validity	TWV 1 year; others 5 years; contract +3 months

> Verify before payroll
> Watch out: IND thresholds exclude the 8% vakantiegeld. Missing this distinction can cause permit refusal.

VIII · PRACTICAL NOTES AND COMMON PITFALLS

Statutory and CAO parameters must be separated. The applicable CAO follows the actual main activity rather than only the trade-register code and must feed the payroll control list.

VIII

Practical Notes and Common Pitfalls

CAO, REPRESENTATION AND PENALTIES

TOPIC	PAYROLL EFFECT OR THRESHOLD
Pay scale	Effective gross pay floor
Overtime	Premium comes from the CAO
Extra leave	Tracked separately from statutory leave
Thirteenth-month pay	Changes annual cost
Sick-pay top-up	Changes the two-year cost
Ondernemingsraad	50 or more employees
Staff representation	On request at 10-49 employees
RI&E penalties	EUR 4,500, 3,000 or 1,500

> Verify before payroll
> Regulatory note: A generally binding CAO also covers non-member employers. If scope is not checked before the first hire, the pay-scale gap creates a retroactive claim.

IX · INCENTIVES AND EMPLOYER SUPPORT SCHEMES

Some incentives run inside the loonaangifte and others through an application window. There is no general contribution cut, regional incentive or first-employee exemption. The standard employer burden is 17% to 24%.

IX

Incentives and Employer Support Schemes

2026 INCENTIVE SUMMARY

SCHEME	AMOUNT OR STATUS
Arbeidsgehandicapte werknemer	EUR 3.05/hour; 6,000/year
Banenafspraak	EUR 1.01/hour; 2,000/year
Herplaatsen arbeidsgehandicapte	EUR 3.05/hour; 1 year
Oudere werknemer	Closed; final payment 2027
LIV, Jeugd-LIV and LKV	Closed in 2025, 2024 and 2026
WBSO	36%; EUR 380,000; start-up 50%
S&O and Praktijkleren	EUR 15,979; EUR 2,700
SLIM small business	60%; maximum EUR 24,999

> Verify before payroll
> Threshold warning: A doelgroepverklaring for loonkostenvoordeel must be requested within 3 months of the start date. Missing the deadline also removes entitlement for later years.

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NETHERLANDS PAYROLL DOSSIER · 2026

EOR & PAYROLL, HANDLED

Manage your Turkey & Europe payroll & employment from one centre with Datassist.

CAO pay floors, loonheffingen withholding, employer-funded employee insurance premiums, the werkkostenregeling free space, the 30% ruling and residence-permit duties have to run on one operating calendar. Datassist helps international employers manage Dutch payroll and employment processes from a single centre.

Schedule a Meeting →

EOR	**1**	**0%**
EMPLOYMENT UNDER ONE CONTRACT	ONE COMPLIANCE OPERATION	MISSED PAYROLL DEADLINES