

LAW & POLICY GROUP

GRIST**NETHERLANDS: REFORMS ENCOURAGE LONGER EMPLOYMENT CONTRACTS**

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Recently [enacted](#) legislation meant to encourage employers in the Netherlands to offer longer-term or permanent employment contracts will take effect 1 Jan 2020. The Labor Market in Balance Act also aims to reduce the differences between the different types of employment contracts, including risks and costs, and encourage flexible work.

HIGHLIGHTS

Fixed-term employment contracts. The maximum duration of successive fixed-term employment contracts has been extended to four consecutive fixed-term contracts calculated over a period of 36 months. Currently, employers can only enter into three consecutive fixed-term contracts over a 24-month period before the contract is converted into an indefinite employment contract.

On-call employment contracts. Employers will have to give on-call employees at least four days' advance notice of work schedules — current law doesn't regulate the advance notification of work schedules. If the work is canceled within the four-day period, the employee must be paid. A shorter notice time can be agreed to in collective labor agreements (CAOs). On-call employees can also terminate their contract with four days' notice (shorter if agreed to in a CAO), down from one month. Additionally, employers must offer on-call employees fixed working hours after 12 months, based on the employees' average working hours over the prior 12 months.

New ground for dismissal. Current law provides eight reasonable grounds for dismissal, which can be difficult to prove. The reforms add a ninth cumulative ground, allowing employers to seek termination based on two or more of the other eight dismissal grounds. Employees whose contracts are terminated based on cumulative grounds may be awarded a higher amount of compensation.

Transition allowance. Employees who are dismissed or whose contract isn't renewed will be entitled to a transition payment from the first day of their employment — rather than after two years' service. The higher transition payment for employees who work 10 or more years is eliminated.

Unemployment insurance contributions. Unemployment insurance contributions will be lower for employees with permanent employment contracts than for employees with temporary employment contracts.

OTHER INITIATIVES

The changes are part of a broader package of measures aimed jointly at improving labor market balance. Announced measures include the status of self-employed workers, employers' obligations in relation to employees' disability and illness, and lifelong development measures. The government has also set up an advisory committee to examine the regulation of new forms of work and is expected to report later in 2019.

RELATED RESOURCES

- [Press Release](#) (Dutch) (Ministry of Social Affairs and Employment, 28 May 2019)
- [Information on the Act](#) (Dutch) (Senate website)
- [Information on Transition Payments](#) (Government website)

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