



PRACTICE GROUP LABOUR LAW
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MAJOR DUTCH LABOUR LAW CHANGES AS FROM 1 JULY 2014

OBLIGATION TO ANNOUNCE THE END OF THE FIXED TERM CONTRACT

- no action by the employer required when the contract for a fixed term expires.
- action by the employer will be required when the contract for a fixed term expires.
- no later than one month before the end of the fixed term.
- liable for a penalty to the employee equal to the amount of one month of basic salary including holiday allowance.

LIMITATION OF THE NON-COMPETE CLAUSE

- a non-compete clause is basically valid for each contract of employment.
- under new law for a fixed term contract it will no longer be allowed to conclude a non-compete clause, unless the employer has a predominant business interest and motivates this interest in writing upon agreeing to the non-compete clause.
- no changes for the non-compete clauses in contracts for undefined periods of time.

PROBATION PERIOD

- maximum probation period for undefined contracts or for contracts with a maximum of two years of time: two months.
- fixed term contracts up to two years: one month.
- no probation period anymore for a fixed term contract < six months.

TEMPORARY WORK FORCE, EMPLOYMENT AGENCIES

- limiting the ability of the employment agency to cancel the contract with the temporary worker.
- the employment agency will have to hire the temporary worker for an undefined period of time after only 26 weeks of employment. This period of time can be prolonged until 78 weeks in a Collective Labour Agreement.
- under current law there is a Collective Labour Agreement which prolongs this period of time to 130 weeks. That will be forbidden.



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REDUCING THE FLEXWORK

Number of contracts for a defined period of time

- conclude up to three fixed term employment contracts, for a total of three years.
- minimum intermission period of three months.

- conclude up to three fixed term employment contracts, for a total of two years.
- minimum intermission period of three months will be extended to six months.

DISMISSALS, TERMINATION OF THE CONTRACT OF EMPLOYMENT

- Not able to choose freely between the two main possibilities of termination.

- the employer will be forced to distinguish between the reasons for the dismissal:
 - a. Termination due to economical circumstances and for reasons of long term illness (more than two years): request for a permission by the State Labour Commission;

 - b. Termination due to personal circumstances, conflicts etc.: request for dissolution by the Court.

THE CHANGES IN THE TWO TIERS WILL BE THE FOLLOWING:

- Appeal from a Court's decision to dissolve a contract.
- An appeal will not have suspending effect.

MUTUAL CONSENT / SETTLEMENT AGREEMENT

- termination of the contract of employment by reaching a mutual consent.
- however, the employee has fourteen days time for consideration after concluding the settlement agreement, during which the employee may freely choose to rescind the settlement agreement, causing it to be null en void.

NEW COMPENSATION

- maximum transitional compensation is a one year salary.
- capped to EUR 75.000 in total for higher yearly incomes than EUR 75.000.
- for the first 10 years: 1/3rd of a regular monthly salary for each full year of employment.
- for years of service exceeding 10 years: 1/2 of a regular monthly salary for each full year of employment.

CURRENT COMPENSATION

- ½ month of salary for each year employed for employees who have not reached 35 years;
- 1 month of salary for each year employed for employees over 35 who have not reached 45;
- 1 ½ months of salary for each year employed for employees over 45 who have not reached 55;
- 2 months of salary for each year employed for employees over 55.



DISCLAIMER

- Please be informed that the proposed new employment law is accepted by Dutch Parliament, but still has to be accepted by the Dutch Senate. A special Committee shall have its first meeting thereto on 8th April 2014.
- The Senate cannot propose amendments. The Senate either accepts or rejects the proposed legislation.
- Keep your eye on the GGI Insider for more news in the future.



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