

POSTPONEMENT UNTIL 1 APRIL 2020 FOR **DOCUMENTING EMPLOYMENT AGREEMENT FOR APPLICATION OF LOW UNEMPLOYMENT INSURANCE CONTRIBUTION**

With the [Checklist Wab](#) that was circulated last month, we have informed you about the differentiation of the so-called 'WW-contribution' resulting from the Balanced Labor Market Act (Wab).

In short, this means that, as of 1 January 2020, employers will be liable for a lower WW-contribution (2.94%) for all employees with a written employment contract for an indefinite period of time (not being an on-call agreement). For all other cases, with a few exceptions, a higher WW-contribution will be charged (7.94%).

Employers are only allowed to use the lower WW-contribution when the employment agreement has been laid down in writing.

As not all employers have the practice of laying indefinite employment contracts down in writing, and Employers' organisations have indicated that not all employers will be able to have a written employment contract signed by both parties or a written addendum signed by both parties for all their permanent employees included in their payroll records before 1 January 2020, Minister Koolmees of Social Affairs and Employment has indicated in his letter of 9 December 2019, that in consultation with the Tax and Customs Administration he has decided to give employers an additional three months to comply with these administrative requirements for the low WW-contribution.

In concrete terms, this means that employers may pay the low WW-contribution, even if the employment contract for an indefinite period of time has not yet been laid down in writing, provided that the written employment contract or written addendum signed by both parties will be present in the payroll administration for these employees before 1 April 2020 at the latest. This only applies for employees that are already employed for an indefinite period of time on 31 December 2019.

If these conditions are not met before 1 April 2020, but the employment contract continues after 31 March, the higher WW-contributions will be due with retroactive effect from 1 January 2020.

For the sake of completeness, it should be noted that as from 1 January 2020, the pay slip should state the type of contract involved. This is also a requirement for the application of the low WW-contribution. From the letter of the Minister we understand that during this three months period, an employer is allowed to already indicate on the pay slip and the salary administration that parties have entered into a written employment agreement for indefinite term, even if the agreement has not yet been laid down in writing.

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