

The Balanced Labour Market Act (WAB): change in rules of employment contracts and dismissal as of January 1, 2020

As of January 1, 2020, the rules regarding employment contracts and dismissal will change. In this mailing we inform you about these changes in a nutshell. This overview is by no means exhaustive! If you would like to know more about this, please contact Ron Visser or Nermin Korpos.

Employment contracts

The low or high unemployment benefit premiums (WW-premium)

From January 1, 2020 the sectoral premium funds will expire. This will be replaced by two premium percentages: a high premium for the flexible contracts and a low premium for the indefinite contracts. The difference between the high and the low premium will be 5%. In practice, this means a maximum of approximately € 2,800 unemployment premium per employee per year.

You must always apply the high percentage unless you meet all the conditions to apply the low percentage. These conditions are:

1. You have entered into a written employment contract for an indefinite period, signed by both parties, and keep it with the payroll administration. We therefore request that you provide us with all employment contracts (insofar as you have not yet done so). Please note: a written confirmation to your employee that a fixed-term contract has been converted into a contract for an indefinite period does not meet the condition.
2. The number of working hours is confirmed in the employment contract. An on-call agreement (also for an indefinite period of time) therefore does not meet the condition for applying the low unemployment benefit premium.
3. For part-time work, a maximum of 30% may diverge from the agreed working hours during the year.

Employment contracts chain

From 2020 you can enter into three fixed-term contracts with your employee for a maximum of three years. The next contract will be an indefinite contract. Currently you can enter into three fixed-term contracts with your employee for a maximum of two years before you have to enter into a contract for an indefinite period.

Please note that with every agreement that ends on or after January 1, 2020, the new ruling applies immediately!

On-call employees

As of January 1, 2020, employers must call on-call employees for work at least four days in advance. If the employer cancels the call within four days, the employee is entitled to salary for the hours for which the employee was called.

In addition, from January 1, 2020 the employer must offer on-call employees who have been employed for more than twelve months a contract for a fixed number of hours.

Equal employment conditions for payrolling employees

Employees working for an organization on a payrolling basis will become entitled to the same employment conditions as the employees employed by that organization. An exception to this is the pension; the rules concerning pensions will change from 2021.

Dismissal

Transition allowance from first working day

When the employee is being dismissed on your initiative or you aren't willing to extend the contract, you will owe him a transition allowance from the first working day. Currently, this only applies to the dismissal of employees with an agreement for an indefinite period of time or an agreement with a duration of two years or more. The method of calculating the allowance also changes, so that you will generally come to a lower reimbursement.

Extension of dismissal

A new ground for dismissal will be introduced from January 1, 2020: the cumulation ground. You can also try to dismiss your employee at the subdistrict court when different grounds for dismissal together are sufficient for a subdistrict court judge to allow the dismissal. The court may then oblige an additional payment that you owe to the employee up to a maximum of half the transition payment.