



## Special Wages 2017

### Table of Contents

1. Labour Market Fraud (Bogus Schemes) Act: know your risks and obligations .....	2
2. Adjustment statutory minimum wage: more than merely indexation .....	4
3. Wage cost benefits as from 2017: do not miss out on any money .....	6
4. Car: changes to the addition to income for private use of a company car.....	11
5. Director and Major Shareholder (DGA): self-administered pension and customary wage.....	12
6. Miscellaneous withholding taxes and social insurance contributions .....	14
7. Employment law and miscellaneous .....	18

No liability is accepted for any incompleteness or inaccuracies in this newsletter despite the fact that it has been drawn up with the greatest possible care. The broad and general nature of this newsletter means that it is not intended to provide all information that is needed to make financial decisions. Date of publication: 9 January 2017.

## 1. Labour Market Fraud (Bogus Schemes) Act: know your risks and obligations

The Labour Market Fraud (Bogus Schemes) Act (Wet aanpak schijnconstructies - WAS) is intended to ensure that everyone who works in the Netherlands will actually receive the wage that he or she is entitled to. The Act counteracts exploitation, underpayment of employees and unfair competition. Most measures provided for in the WAS have already entered into effect. The ban on deduction and setoff that had been announced previously but was postponed entered into effect on 1 January 2017.

### 1. Vicarious tax liability overdue wages

A vicarious tax liability has applied since 1 July 2015 to clients regarding the correct payment of agreed wages. If work is performed for you by an employee of another employer under a contract for services or contracting work or if you borrow an employee of another employer, then this employee can hold you jointly and severally liable as his or her formal employer if the wage is not paid to him or her (or not paid in full). The employee must first hold his or her employer liable. If this employer does not pay these wages (or does not pay in full), then this employee can hold the client liable and if the client cannot pay, then the employee can hold the client of the client liable until the end of the chain is reached.

#### Please note!

Since 1 January 2017, the vicarious tax system also applies to agreements for carrying or causing the carriage of goods by road. The driver (employee) who receives less than the wages that apply to him therefore has the right, since 1 January 2017, to hold the client liable for the carriage as well.

The Courts decide whether you as the client are liable to pay the overdue wages. You can take a number of measures to reduce the risk of being held liable. For example, it is advisable to check whether you work with reputable companies. This includes checking the registration with the Chamber of Commerce and the Labour Standards Foundation ([www.normeringarbeid.nl](http://www.normeringarbeid.nl)) and assessment of the quality marks (such as VCA certification) and timely payment of withholding taxes (payment history report from the Tax and Customs Administration). You should also assess whether an honest price applies and ensure you have a good contract with clear agreements on employment and working conditions and ensure that the obligation to apply these conditions also applies to companies further on in the chain.

#### Please note!

The measures that have been implemented do not comprise indemnification, but a Court will be less likely to hold you liable.

### 2. Mandatory transfer payment of the minimum wage

As of 1 January 2016, you are required to transfer payment of at least the net statutory minimum wage to your employee. The net statutory minimum wage is generally the gross minimum statutory wage less the legally required and permitted deductions, such as withholding taxes and pension contributions. The amount above the net statutory minimum wage may still be paid in cash. You may also still pay holiday allowance in cash.

#### Tip:

Your employee has the right to authorise you to pay the wage to a third party. In case of attachment or wage garnishment you may pay less than the net statutory minimum wage because these payments result from legislation.

### 3. Specification of expense allowances on the pay slip

Parts of the gross wage in respect of which it may be assumed that these are paid to meet costs incurred for work (expense allowances) must be specified separately on the pay slip as from 1 January 2016. This obligation does not apply if the wages, excluding these expense allowances, exceed the net statutory minimum wage. The obligation also does not apply to expense allowances agreed upon in addition to the gross wage.

The specification must make it clear what the expense allowance is intended for. You can use general terms for this, such as accommodation, meals, business trips, et cetera. You are therefore not required to specify on the pay slip when the meals were consumed or what business trips were made. However, the designation 'general expense allowance' is not sufficiently specific.

#### **4. Ban on deduction and setoff**

As from 1 January 2017 you are no longer allowed to deduct amounts from your employee's wages if this means that you will be paying less than the net statutory minimum wage. The same applies to setting off claims against the wage. Deduction and setoff are still allowed for amounts above the net statutory minimum wage or the holiday allowance.

##### **Please note!**

The ban on deduction does not apply to deductions required by law such as withholding tax, the employee's contribution to the Healthcare Insurance Act (ZVW) or the employee's share of the pension contribution. You are also allowed to deduct at most 50% of the Return to Work Fund (Whk) or the Return to Work (Partially Disabled Persons) Regulations (WGA) premiums from the net minimum wage, because the possibility for doing so is included in the Social Insurance (Funding) Act.

However, if you are required under a collective bargaining agreement to deduct something, then you must still take the ban into account and you are not permitted to deduct this if it means that you thereby pay less than the net statutory minimum wage. The same applies to deductions under Surviving Dependents Act shortfall (ANW-gat) or shortfall under the Work and Income (Capacity for Work) Act (WIA-hiaatverzekering), deductions for an employee association, the additional health insurance premiums, et cetera.

If you paid your employee an advance on his or her wages, you may deduct this advance, even if you thereby pay less than the net statutory minimum wage. This is subject to the condition that you have agreed the setoff in advance with your employee in writing and that the balance of the advance payment and the payment against which this advance payment was set off is at least equal to the net statutory minimum wage.

##### **Tip:**

The ban on deduction also does not apply to an attachment levied against part of an employee's wage.

An exception to the ban on deduction is possible for the rent of housing accommodation, the costs of mains services and service charges owed to a landlord. This is subject to the condition that the employee grants you a written authorisation, that the deduction amounts at most to 25% of the gross minimum wage, that a copy of the rental agreement is provided and that the housing accommodation complies with certain quality standards.

##### **Please note!**

The 25% is calculated on the gross statutory minimum wage because this is assumed in the Minimum Wage and Minimum Holiday Allowance Act. However, payment of the housing costs should be made from the net amount that would normally be paid to the employee.

##### **Tip:**

The ban on deduction does apply to the accommodation deduction of seconded employees. Any authorisation to deduct granted by these employees is void.

The basic health insurance premium and the excess reinsurance risk premium may also be deducted following written authorisation by the employee while submitting a copy of the health insurance policy up to at most the amount of the estimated average nominal health insurance premium (for 2017: €1,241 per year).

As regards employees with an occupational disability, the costs of mains services owed to a utility company and, inter alia, sewerage charges and water authority tax may also be deducted, provided that the employee grants a written authorisation.

**Tip:**

The written authorisation does have to satisfy the statutory conditions. This means that it must actually concern an express approval and that the employee must be able to withdraw the authorisation unilaterally at any time. The exception to the ban on deduction does not apply if the authorisation does not comply with the above conditions.

## 2. Adjustment statutory minimum wage: more than merely indexation

### 1. Increase minimum wage as from 1 January 2017

The gross amounts of the statutory minimum wage will slightly increase on 1 January 2017.

Age	Per month	Per week	Per day
23 and over	€ 1,551.60	€ 358.05	€ 71.61
22	€ 1,318.85	€ 304.35	€ 60.87
21	€ 1,124.90	€ 259.60	€ 51.92
20	€ 954.25	€ 220.20	€ 44.04
19	€ 814.60	€ 188.00	€ 37.60
18	€ 706.00	€ 162.90	€ 32.58
17	€ 612.90	€ 141.45	€ 28.29
16	€ 535.30	€ 123.55	€ 24.71
15	€ 465.50	€ 107.40	€ 21.48

The minimum wage per hour is calculated by dividing the minimum wage per week by the number of hours of a full-time working week within the company. If a full-time working week amounts to 38 hours, for example, the minimum wage per week must be divided by 38. This means that the minimum hourly wage of a person aged 18 with a 38-hour working week amounts to € 4.29 as from 1 January 2017.

### 2. Considerable increase minimum youth wage anticipated as from 1 July 2017

The House of Representatives adopted a legislative proposal by the end of 2016 in which the age at which entitlement to full statutory minimum wage arises is gradually lowered from age 23 to age 21 and at the same time the minimum wage for young persons aged 18 to 21 is increased in stages.

**Please note!**

The legislative proposal does not include changes to the minimum wage in the age category 15 up to and including 17 .

The legislative proposal has not yet been adopted by the Senate, but the intended effective date is 1 July 2017. On that date, the age at which full minimum wage commences will be lowered in first instance from age 23 to age 22. This leads to an increase of the gross minimum wage of a person aged 22 of 15%. Two years later the age will be further lowered to age 21 (therefore intended as from 1 July 2019) unless it becomes clear that the lowering leads to considerable negative effects on the employment of young persons.

The legislative proposal also provides for an increase of the minimum wage of persons aged 18 by 2%, of persons aged 19 by 2.5%, of persons aged 20 by 8.5% and of persons aged 21 by 12.5% on the effective date (intended as from 1 July 2017). At the moment the age at which full minimum wage commences is lowered to 21, such will lead to an increase of the minimum wage of a person aged 21 of 15%. At that time, the minimum wage of a person aged 18 will be further increased by 2.5%, of a person aged 19 by 5% and of persons aged 20 by 10%.

**Tip:**

In order to prevent the wage costs of work experience places from increasing excessively, the increase of the minimum wage of young persons aged 18 up to and including 21 will probably not apply to work experience places within the context of the work-based pathway (BBL) in senior secondary vocational education and training (MBO). The legislative proposal therefore includes an exemption provision for this purpose. This exemption provision does not apply to the gradual lowering of the age from 23 to 21. This lowering of the age will therefore apply in future to work experience places within the context of the BBL in MBO.

### **3. Adjustment minimum wage in case of piece rate anticipated**

The Minimum Wage and Minimum Holiday Allowance Act currently includes a standard for determining the minimum wage of an employee who is paid, depending on the outcome of his or her labour (piece rate). As this standard is insufficiently specific, measurable and verifiable, the House of Representatives adopted a legislative proposal at the end of 2016 in which the standard is adjusted. The current standard where the time reasonably involved in the labour is considered to be the working time for the minimum wage will cease to exist. The actual time an employee spent on the performance of the labour that was carried out will become decisive.

**Please note!**

The Senate still has to agree to this legislative proposal. The intended effective date is not yet known.

An employer will still be allowed to pay on the basis of a piece rate after implementation, but will always have to pay at least the statutory minimum wage for the hours actually worked. This means that in future the employer will be obliged to record the time worked and state this working time of the pay slip if payment is made on the basis of a piece rate.

**Tip:**

If the legislative proposal is adopted by the House of Representatives, an amendment will also be adopted that regulates that Minister will be authorised to exclude specific activities within a certain industry from the main rule at the request of the Labour Foundation. In these cases the actual time spent will not be decisive, but rather, as is currently the case, the time reasonably involved in the labour performed. The exemption will only apply to situations in which the employee has a certain degree of freedom to structure his or her activities independently combined with the circumstance that the employer cannot supervise the performance of the activities or can only do so with difficulty, such as in the case of persons delivering leaflets or newspapers.

### **4. Adjustment minimum wage in case of additional work anticipated**

The Minimum Wage and Minimum Holiday Allowance Act currently does not provide a basis for payment of minimum wage in case of additional work. Additional work applies if an employee performs work for longer than the customary working hours (and in case of part-time employees, performs work for longer than the agreed working hours). At the end of 2016, the House of Representatives therefore adopted a legislative proposal, which provides that the minimum wage must be increased proportionately in case the work exceeds the customary working hours. A similar increase will apply to part-time employees who work longer than the agreed number of working hours.

Customary working hours is already defined as: the working hours that are generally considered to comprise full employment in similar employment relationships. The legislative proposal maximises these customary working hours at 40 hours per week. This means that if the customary working hours amount to 44 hours per week they are set at 40 hours per week for the Minimum Wage and Minimum Holiday Allowance Act. However, if the customary working hours amount to 36 hours per week, the number will remain 36 hours per week (and they will not be increased to 40 hours per week for the purpose of the Minimum Wage and Minimum Holiday Allowance Act).

**Tip:**

If such is included in the CLA, it will remain possible, even after implementation of the changes, to compensate additional work with paid time off instead of remuneration. This compensation in paid time off must be agreed in advance between the employer and the employee in writing and take place before 1 July of the calendar year following the calendar year in which the additional work was performed. If at least the minimum wage is paid for the total number of hours worked (therefore including the additional work), the compensation may be made without further conditions.

The Senate still has to agree to this legislative proposal. The intended effective date is not yet known. In order to enable CLA parties to adjust CLAs, the compensation of additional work in paid time off may also take place if this option is not included in the CLA for a period of at least one year after the legislative proposal enters into effect.

### 3. Wage cost benefits as from 2017: do not miss out on any money

#### 1. Incentive allowance for employers providing employment to low-income workers

As from 2017, employers with employees who are paid a wage between 100% and 125% of the statutory minimum wage will receive a new allowance: the incentive allowance for employers providing employment to low-income workers (lage-inkomensvoordeel - LIV). The following conditions apply for the LIV:

- the average hourly wage of your employee is at least 100% and at most 125% of the statutory minimum wage for a person aged 23;
- your employee has worked at least 1248 paid hours in the calendar year;
- your employee has not yet reached retirement age.

**Tip:**

You may also qualify for the LIV for employees under the age of 23. However, the average hourly wage of this employee must be at least 100% and at most 125% of the statutory minimum wage for a person aged 23 or over.

You can calculate the average hourly wage on the basis of the formula: total annual wage divided by the total number of paid hours. Everything is included for the determination of the total annual wage. Special allowances such as for overtime will therefore have an impact on the average hourly wage and may mean that there is no entitlement to the LIV.

**Tip:**

Final levy components are not included in the determination of the annual wage. This means that the allowances and benefits in kind you place in your discretionary margin for the work-related expenses scheme cannot have an impact on the entitlement to the LIV.

Hours in which the employee did not work but was paid as a result of illness or leave for example are taken into account for the determination of the total number of paid hours. Leave hours that were not taken, but which were paid out in full, and paid overtime are also taken into account.

**Please note!**

An employee who enters your service during the course of the year may not comply with the required minimum of 1248 hours. This means that there is no entitlement to the LIV for such employees in the year of employment. The entitlement to LIV does exist if that same employee works the required minimum of 1248 hours in the next year (naturally provided the other conditions have been satisfied).

#### **Amount of the LIV**

The LIV consists of a fixed amount per paid hour and a maximum amount per year in accordance with the table below.

Amount of the wage	Average hourly wage 100% to 110% of the statutory minimum wage (€ 9.67* up to and including € 10.63*)	Average hourly wage 110% to 125% of the statutory minimum wage (in excess of € 10.63* up to and including € 12.08*)
Fixed amount per hour paid	€ 1.01 per hour	€ 0.51 per hour
Maximum amount of the LIV	€ 2,000 per employee per year	€ 1,000 per employee per year

\* Based on the statutory minimum wage on 1 January 2017 on the basis of a full-time working week of 40 hours, increased by 8% holiday allowance. These amounts may change due to the increase of the statutory minimum wage on 1 July 2017.

**Tip:**

The hourly wage as part of the statutory minimum wage depends on a full-time working week in a company. The hourly wage in case of a full-time working week of 40 hours is assumed for the LIV. If you pay the minimum wage while a 36-hour working week applies in your company, you should bear in mind that the hourly wage for the LIV already exceeds 110% of the statutory minimum wage. You will be entitled to only € 0.51 per hour instead of a fixed amount of € 1.01 per hour.

**Realisation of the LIV 2017**

Please bear in mind that you will not receive the LIV for 2017 from the Tax and Customs Administration until the second half of 2018. You do not have to submit a separate application for the LIV. The LIV is determined automatically on the basis of the details in your payroll tax form. You will receive an overview of employees who satisfy the conditions for the LIV from the Employee Insurance Agency (UWV) before 15 March 2018. For this purpose, the UWV assumes the details in the payroll tax forms as submitted on 1 February 2018 at the latest.

**Please note!**

The details in the payroll tax forms constitute the basis for the determination of the entitlement to the LIV. You should therefore ensure that these details have been included accurately and fully in the payroll tax forms before 1 February 2018.

If the details in the UWV overview are incorrect, you will still have up to and including 1 May 2018 to submit supplements or correction messages to the Tax and Customs Administration. All supplements or correction messages received after that date will not be taken into account in the determination of the LIV. Moreover, as from 1 May 2018 a fine of € 1,319 may be imposed in connection with incorrect information in your payroll tax form (the number of hours paid for example).

The Tax and Customs Administration determines the amount of the LIV 2017 in a decision before 1 August 2018. The LIV 2017 is then paid to you by 12 September 2018 at the latest.

**Please note!**

Although the LIV already applies from 2017, you will not actually benefit from it until the second half of 2018.

**Impact possible lowering of the minimum wage age from 23 to 22**

The age at which the right to full minimum wage arises may be lowered from age 23 to 22 as from 1 July 2017. At that time, this will result in an increase of the gross minimum wage of a person aged 22 of 15%. The indirect consequence is that as from 2018 entitlement to LIV arises for a person aged 22 who receives statutory minimum wage.

**2. Premium discounts**

Entitlement to several premium discounts applies in 2017 as well.

**Premium discount for employees over the age of 56 or with an occupational disability (mobility bonus)**

If you employ someone who is aged 56 or over who received a benefit before joining your company, (for example, unemployment benefit (WW), invalidity benefit (WAO), a benefit under the Dutch Invalidation Insurance (Self-Employed Persons) Act (WAZ) or the Invalidation Insurance (Young Disabled

Persons) Act (Wajong), et cetera) or you employ an occupationally disabled employee (and who is not part of the employment agreement target group), you will be entitled to a premium discount of € 7,000 per full year for a working week of 36 hours or more. If the working week has fewer hours, the premium discount is reduced proportionately. You are entitled to this discount (subject to a maximum of three years) for as long as you employ the employee.

**Premium discount employment agreement target group**

The employment agreement target group consists of:

- persons who come under the Participation Act and who are unable to earn the statutory minimum wage;
- persons with a Sheltered Employment Act (Wsw) indication;
- persons receiving benefits under the Invalidity Insurance (Young Disabled Persons) Act who are able to work;
- persons with a job pursuant to the Jobseekers Employment Act (WIW) or an entry level and step-up job;
- students in special secondary education (VSO).

If you employ someone from the employment agreement target group, you will be entitled to a premium discount of € 2,000 per year for a working week of 36 hours or more. If the working week has fewer hours, the premium discount is reduced proportionately. You are entitled to this discount (subject to a maximum of three years) for as long as you employ the employee.

**Wage cost benefits replace premium discounts as from 2018**

As from 2018, employers who employ older persons entitled to benefits and disabled workers will be entitled to what are known as wage costs benefits (loonkostenvoordelen - LKVs). These LKVs replace the premium discounts we have known thus far. As from 2018, the LKV consists of a fixed amount per paid hour subject to a maximum amount per year. Similarly to the current premium discounts, entitlement to an LKV exists for at most three years. Only the LKV for reassigned occupationally disabled employees applies for a period of one year.

Amount of the wage	Fixed amount per hour paid	Maximum amount
LKV older employee	€ 3.05 per hour	€ 6,000 per year
LKV older occupationally disabled employee	€ 3.05 per hour	€ 6,000 per year
LKV employment agreement target group	€ 1.01 per hour	€ 2,000 per year
LKV reassigned occupationally disabled employee	€ 3.05 per hour	€ 6,000 per year

Similarly to the LIV, the LKV is not paid until the second half of the calendar year following the year in which the entitlement arose. This means that an LKV 2018 is not paid to you until the second half of 2019.

**Please note!**

This constitutes a deterioration when compared to the current premium discounts. These allowances are now paid to you each month via your payroll tax forms. As from 2018, you will have to wait until the second half of 2019 before you will be paid the allowance for 2018.

If there are still premium discounts on 1 January 2018, these will be converted into an LKV for the remaining period as from 1 January 2018. This is why the category entitled “indication premium discount occupationally disabled employee” ceases to exist on 1 January 2017 and it will be replaced by 3 new categories:

- “Indication premium discount employment occupationally disabled employees”
- “Indication premium discount employment agreement target group and persons with educational difficulties due to illness or disability”
- “Indication premium discount reassignment occupationally disabled employee”



**Tip:**

Ensure that you provide the correct indication and prevent yourself from not receiving payment of the wage cost benefit or receiving incorrect payment of the wage cost benefit for the year 2018.

### **3. No-risk policy**

A no-risk policy means that the employer does not sustain a risk of continued payment because the employee can claim benefits under the Sickness Benefits Act from the UWV in such cases. Several no-risk policies are possible in 2017.

#### ***No-risk policy via the UWV***

If you employ an employee who receives for example benefits under the Work and Income (Capacity for Work) Act (WIA), Invalidity Insurance Act, Invalidity Insurance (Self-Employed Persons) Act or the Invalidity Insurance (Young Disabled Persons) Act (Wajong), the no-risk policy of the UWV applies for this employee. If the employee falls ill, he/she will receive benefits under the Sickness Benefits Act via the UWV. This means that you do not run the risk of continued payment of salary. The no-risk policy applies for 5 years generally speaking, but the no-risk policy is unlimited in some cases. Enquire after the specific conditions for your (future) employees.

#### ***No-risk policy via the municipality***

It is also possible to obtain a no-risk policy via the municipality for employing certain occupationally disabled persons. This no-risk policy is valid for an indefinite period as from 2017. Enquire after the specific conditions for your (future) employees.

#### ***Older former unemployed persons on long-term sick leave***

In order to reduce the threshold for employing older employees, a no-risk policy was introduced for this group as well. Employees qualify for sickness benefits of at least 70% of the daily wage if such employees:

- are born before 8 July 1954;
- entered employment on or after 8 July 2009;
- were unemployed without interruption for at least 52 weeks prior to their employment;
- are ill for more than 13 weeks;
- fall ill within 5 years after entering employment.

This means that an excess period of 13 weeks applies for employers.

This concerns a temporary scheme that is known as the “older employees compensation scheme”, which applies from 8 July 2009 for a period of 10 years. The scheme is intended to increase the chances in the labour market of this category of older unemployed persons on long-term sick leave.

It has since been announced that this no-risk policy will be made available in 2018 for persons who turn 56 or older in 2018. The related legislative amendment is intended for 1 January 2018 at the latest.

#### ***Experiment involving a no-risk policy for sickness benefits recipient without an employer***

In the first quarter of 2017, the UWV will start an experiment involving a no-risk policy for sickness benefits recipients without an employer. This no-risk policy is issued after 52 weeks of illness in the event the sick person does not have an employer.

**Tip:**

This experiment does not apply to employees in respect of whom a right to a no-risk policy already existed. The experiment concerns inter alia persons whose employment ended during illness and persons who fell ill while receiving unemployment benefits.

The experiment is performed during a 5-year period. It is not possible to apply for participation in the experiment. After 52 weeks of illness, sickness benefits recipients are divided into the group that participates in the experiment or into the control group on the basis of a random sample. Sickness benefits recipients do not receive a no-risk policy in the latter case.

#### 4. Wage cost subsidy

Employers can receive wage cost subsidy from the municipality where the employee is registered for employees who cannot be as productive as a result of their illness or handicap and for persons who perform sheltered work. This wage cost subsidy compensates the employer for the difference between the productivity of the employee and the statutory minimum wage.

**Tip:**

The Senate adopted a legislative proposal at the end of 2016 that introduces a fixed wage cost subsidy of 50% of the statutory minimum wage for the first six months of the employment. After six months, the wage cost subsidy for the remaining period is determined on the basis of an assessment of what the employee can actually earn independently. This provision enters into effect on 1 February 2017, but has retroactive effect up to and including 4 July 2016.

#### 5. Trial placement

If you wish to employ someone who receives benefits under the WIA, WAO, WAZ, Wajong, Sickness Benefits Act or the Unemployment Insurance Act who has trouble finding employment, you can ask the UWV for a trial placement. This will allow the employee to come and work for you for 2 months while retaining benefits. This is subject to the condition that you intend to offer employment for at least 6 months. You do have to take out liability insurance for the employee during the trial placement. An additional requirement applies for employees who receive benefits under the Unemployment Insurance Act, which requirement is that they must have been unemployed for at least 3 months. The absence of the pay element means that there is no employment contract during the period of the trial placement.

**Tip:**

It is sometimes possible to extend the trial placement to at most 6 months. For example, in the event an employee can only work 1 day per week due to his/her illness or handicap. The UWV decides on these matters.

#### 6. Other allowances for employees with an illness or handicap

You may receive wage dispensation for employees on Wajong benefits who are not able to work as much as other employees. You are allowed temporarily to pay less wages in such cases. The UWV supplements the wage of the Wajong benefits recipient up to the minimum wage or minimum youth wage. This is possible for a period of six months to five years.

You can apply for a subsidy from the UWV for an internal job coach who assists employees with long-term illness or a handicap in the workplace. You can also receive compensation for adjustments to the workplace. This concerns non-portable adjustments to the workplace. The employee can apply for an allowance for portable devices.

#### 7. Compensation scheme for increase minimum youth wage anticipated as from 1 July 2018

The minimum wage for persons aged 18 up to and including 21 may be increased on 1 July 2017. In order to compensate the employers somewhat for the higher wage costs that arise as a result from the above, the House of Representatives recently adopted a legislative proposal that includes a compensation scheme. The legislative proposal has not yet been adopted by the Senate. The intended effective date does not coincide with the effective date of the increase of the minimum youth wage, but is anticipated for 1 January 2018. The fact that the increase of the minimum wage has already been envisaged for 1 July 2017 means that the compensation for the year 2018 will be multiplied by 1.5.

The compensation scheme will have the same system as the LIV. This means among other things that the compensation is determined and paid automatically after the calendar year has ended. Contrary to the LIV, the compensation scheme also depends on the age of the employee. The age of the employee on 31 December of the previous calendar year and the average hourly wage during the calendar year is decisive. The mandatory minimum 1248 paid hours per calendar that applies for the LIV does not apply to the compensation scheme.

There is a right to the compensation if the average hourly wage lies between the following two thresholds:

- the statutory minimum wage on the basis of a full-time working week of 40 hours increased by 8% holiday allowance on the basis of the age of the employee on 31 December of the previous calendar year, and
- the statutory minimum wage on the basis of a full-time working week of 36 hours increased by 8% holiday allowance on the basis of the age group that is one year older.

Similarly to the LIV, the allowance will consist of a fixed amount per paid hour subject to a maximum amount per year. The amounts are not yet known but are likely to be between € 0.12 to € 0.15 for a person aged 18, € 0.15 to € 0.19 for a person aged 19, € 0.55 to € 0.68 for a person aged 20 and € 0.85 to € 1.05 for a person aged 21 per paid hour subject to maximum amounts of € 249.60/€ 312, € 312/€ 395.20, € 1,144.00/€ 1,414.40 and € 1,768/€ 2,184 per year respectively.

#### 4. Car: changes to the addition to income for private use of a company car

##### 1. Addition to income for private use of a company car

A standard addition to income for private use of a company car of 22% of the list value (including VAT and private motor vehicle and motorcycle tax BPM) applies as from 2017 for most new company cars that are also used for private purposes. As from 2017, a lower addition to income for private use of a company car of 4% only applies to new cars without CO<sub>2</sub> emissions. The following rates therefore apply as from 2017 to new cars:

CO <sub>2</sub> emissions (gr/km)	Addition to income
0	4%
More than 0	22%

The rates in the table above only apply to new cars. As from 2017, a new car is defined as a car with a first admission to the road date (DET) of 1 January 2017 or later. This definition means that a car with a DET prior to 2017, which is imported from abroad as from 2017, is not considered to be a new car.

##### 2. Transitional law addition to income for private use of a company car for new cars

This addition to income of 4% continues to apply for a period of 60 months for new cars (cars with a first admission to the road date (DET) of 1 January 2017 or later) to which this addition to income applies.

##### 3. Transitional law addition to income for private use of a company car for existing cars

The transitional law that applies to cars that exist on 31 December 2016 changed on 1 January 2017. Several different transitional regimes applied up to and including 2016, which basically meant that the same addition to income percentage applied for a period of 60 months after the month in which the car was registered for the first time after which a new term of 60 months commenced at the addition to income percentage that applied at that time. In addition, there was even unlimited transitional law in some cases.

As from 1 January 2017, this 60-month system included in the transitional law is only possible for at most 1 term of 60 months. After this 60-month period, it is assessed every year whether a lower addition to income can be applied on the basis of the statutory provisions applicable at that time.

##### Tip:

There will be one exception. Cars dating from before 1 July 2012 with an addition to income of 14% and 20% remain entitled to the unlimited transitional law until 1 January 2019. The limitation of transitional law to one term of 60 months therefore does not apply to these cars. This is subject to the condition that the car is and was available to the same driver for private use during the entire period.

The standard addition to income for cars with a DET of 31 December 2016 at the latest is 25%. This addition to income is not limited to a period of 60 months, but applies indefinitely. This means that you cannot apply the general addition to income percentage of 22% as applicable from 1 January 2017 for cars that existed on 31 December 2016.

**Please note!**

If a discount rate applies for a car with a DET of 31 December 2016 at the latest, this rate will continue to apply during 1 term of 60 months (to be calculated from the first day of the month in the month following the month in which the car was registered for the first time in the vehicle registration system). After this term, it has to be assessed annually whether a discount rate still applies on the basis of the legislative text that applies at that time. This will only be the case for cars without CO<sub>2</sub> emissions. If this is not the case, these cars will also revert to an addition to income of 25% and therefore not an addition to income percentage of 22%.

## 5. Director and Major Shareholder (DGA): self-administered pension and customary wage

### 1. Phasing out self-administered pension postponed

The vote in the Senate concerning the Self-Administered Pensions (Phase-out) and other Tax-Related Pension Measures Act legislative proposal was postponed until further notice at the last moment. A supplement to the legislative proposal is currently being prepared, which will possibly include additional measures and which will also propose a change to the effective date. It is not yet clear when the legislative proposal will be considered again by the Senate. It is expected that this will take place before the summer of 2017.

At this time, a DGA can still accrue pension just like an ordinary employee. An ordinary employee must do so with a professional pension fund or an insurer. However, a DGA can also do so under his/her own management (within his/her own private limited company). The legislative proposal regulated that it would no longer be possible as from 2017 to accrue self-administered pension as a DGA in a tax-efficient manner. Accrual remains possible in 2017 for the time being because the vote on the legislative proposal has been postponed.

In addition to stopping self-administered pension in a tax-efficient manner, the legislative proposal also offered three possibilities as from 2017 for self-administered pension that had already been accrued:

- Reducing the nominal value to the value for tax purposes in a tax-neutral manner followed by commutation with a discount and without revisionary interest;
- Reducing the nominal value to the value for tax purposes in a tax-neutral manner followed by conversion into an old-age provision (OV);
- Freezing the existing self-administered pension.

According to the legislative proposal, commutation was possible in 2017, 2018 and 2019. However, the discount would decrease every year: from 34.5% in 2017, to 25% in 2018, to 19.5% in 2019. The discount was to be applied to the value for tax purposes as on 31 December 2015. In case of commutation in 2017, the withholding taxes would be payable on 65.5% of the balance sheet value for tax purposes as on 31 December 2015. The difference between the value for tax purposes on the commutation date and on 31 December 2015 was to be taxed 100%. The year of commutation would not have an impact on the revisionary interest, which means that no revisionary interest would be payable in case of commutation in 2017, 2018 or 2019.

Conversion into an old-age provision was also possible in the years 2017, 2018 and 2019 according to the legislative proposal. If you wished to convert into an old-age provision and commute thereafter as yet, this would have been possible in the years up to and including 2019 with the discount and without revisionary interest.

**Tip:**

It is expected that much of the legislative proposal will be maintained but that the cessation of self-administered pension in a tax-efficient manner will not take place on 1 January 2017 but at a later moment. It is also expected that the proposed commutation scheme with discount rates will not change very much. The discount rate will probably still be applied to the balance sheet value for tax purposes as on 31 December 2015. Any self-administered pension accrued in 2017 will therefore probably not share in a discount upon commutation.

## **2. Customary wage increased to € 45,000**

The fixed amount in the customary wage scheme for the DGA and his/her partner has been € 44,000 for several years now. This amount will increase to € 45,000 in 2017. Subject to certain conditions, DGAs can set the customary wage below € 45,000 in 2017. The reason is that there is a rebuttal scheme concerning the main rule that the wage of a DGA amounts to the highest of the following amounts:

- 75% of the wage from the most comparable position;
- the highest wage of the other employees of the private limited company or the affiliated companies (bodies);
- € 45,000.

**Please note!**

In order to be able to set the wage below € 45,000, you have to demonstrate that the wage from the most comparable employment is less than € 45,000. The customary wage amounts at least to € 45,000 if you are unable to do so.

## **3. Customary wage scheme for innovative start-ups eased**

The law includes an eased customary wage scheme for innovative start-ups as from 2017. The taxable wage of the DGA of an innovative start-up may be set at the statutory minimum wage as from 2017. The measure applies to DGAs of companies with an R&D statement that must be considered to be start-ups for the implementation of the R&D tax rebate. An innovative start-up can use the easing for at most 3 years.

**Please note!**

An innovative start-up can also use the rebuttal scheme. If you, as an innovative start-up, are able to demonstrate that the wage from the most comparable employment is lower than the statutory minimum wage, the customary wage may be set at this lower amount. If this is not possible, the customary wage may be set at the statutory minimum wage.

The measure applies in principle until 1 January 2022, but may be extended if the evaluation is positive.

**Tip:**

You will also be able to use the easing for all of 2017 if you have an R&D statement for only part of 2017 and you are deemed to be a start-up.

Is the DGA insured for employee insurance schemes? If so, the employer first has to complete a de minimis declaration and submit it to RVO.nl. By means of the de minimis declaration RVO.nl is requested to declare that the application of the easing does not lead to the support thresholds set by the European Commission being exceeded. The easing of the customary wage scheme may not be applied until it is evident from the notification from RVO.nl that the de minimis threshold is not exceeded.

## 6. Miscellaneous withholding taxes and social insurance contributions

### 1. Postponement enforcement model agreements

There is a great deal of unrest and uncertainty concerning the model agreements. Initially, a transitional phase applied from 1 May 2016 to 1 May 2017. This transitional phase has since been extended to 1 January 2018 in connection with this unrest. The Tax and Customs Administration will not impose additional assessments or fines during this transitional phase with the exception of cases of malice. The Tax and Customs Administration will impose additional assessments or fines on malicious parties.

**Tip:**

You do not have to be afraid that you will be considered to be malicious too quickly. This requires that you deliberately allow the creation of or the continued existence of a situation of manifest pseudo self-employment while you know or could have known that there is a de facto situation of employment. This means that it does not concern situations in which there may be uncertainty about the concept of an authority relationship, but it only concerns clients who operate within a context of intent, fraud or swindle.

The government will be investigating in the time to come whether employment law should be amended in order to align better with practice. The results of this investigation are expected in the first half of 2017. In the meantime, the Tax and Customs Administration will perform a coaching role and does not take enforcement action unless it involves malicious parties.

This means that you have at least until 1 January 2018 to get your affairs in order definitively. Whether this term will be extended even further will depend on the results of the investigation into the amendment of employment law. The outcome of the elections and the newly-formed government are likely to have an impact on the position model agreements will take in future.

### 2. Exclusion of certain notional employment relationships

A notional employment relationship is an employment relationship that is not really employment, but does lead to the obligation to deduct withholding taxes as a result of a statutory instruction (a fiction). An approval already made it possible to exclude two types of notional employment relationships as from 1 May 2016: the notional employment relationship of individuals deemed equivalent to someone in a position of employment and the notional employment relationship of homeworkers. This possibility of exclusion is included in law as from 1 January 2017.

The main coexisting criteria leading to a notional employment relationship for individuals deemed equivalent to someone in a position of employment are:

- personal labour usually performed at least two days per week
- usually against at least 2/5 of the minimum wage per week
- for at least one month
- the work not being performed in the conduct of a business or profession

The main criteria that lead to a notional employment relationship for homeworkers are:

- personal labour at home
- usually against at least 2/5 of the minimum wage per month
- for at least one month
- the work not being performed in the conduct of a business or profession

The client and the contractor can jointly decide to exclude the notional employment relationship of individuals deemed equivalent to someone in a position of employment and of homeworkers. This is subject to the condition that they lay down this exclusion in a written agreement that is concluded before the start of payment of the remuneration.

**Please note!**

You should conclude the agreement before payment to the contractor takes place or you will be too late and no longer be able to exclude the notional employment relationship.

There are also other notional employment relationships such as the notional employment relationship of contractors and their aides. These notional employment relationships may still apply, including in the event you have excluded the notional employment relationship for individuals deemed equivalent to someone in a position of employment and of homeworkers.

**Tip:**

Ask our advisers whether other notional employment relationships may play a role in your situation.

### **3. Abolition of notional employment relationship of supervisory directors**

The notional employment relationship of supervisory directors who perform their supervisory duties as an entrepreneur ceased to exist on 1 January 2017.

**Tip:**

Supervisory directors who are not entrepreneurs may nevertheless be subject to income tax by using, together with their intended withholding agent, the so-called opt-in scheme. Supervisory directors who obtain a tax benefit by opting in (e.g. application of the 30% scheme) will make use of this possibility in particular.

### **4. Exclusion tax facility for performing artists**

The tax facility for performing artists is a special scheme on the basis of which the client is required to deduct withholding taxes and employee insurance contributions from the compensation received by a performing artist (who is not an actual employee). In connection with income tax, several criteria apply for the application of the tax facility for performing artists including:

- performing as a musician or another type of artist
- under a short-term agreement
- not employed

**Tip:**

Consult with our advisers if you doubt whether the tax facility for performing artists applies.

The client and the artist may jointly decide not to apply the tax facility for performing artists. This has been possible since 1 May 2016 as a result of an approval, but it has been laid down in law since 1 January 2017. This is subject to the condition that they lay this down in a written agreement that is concluded before the start of payment of the remuneration.

**Please note!**

Conclude the agreement before payment to the performing artist takes place. Otherwise you will be too late and the tax facility for performing artists will apply as yet.

### **5. Work-related expenses scheme**

If the 2016 discretionary margin (1.2% of total wage bill for tax purposes) is exceeded, a final levy of 80% will be imposed in the January 2017 return. The group scheme with the related collective margin may possibly be used, which means that settlement may not be necessary. However, standard practice criterion means that not all compensations and benefits in kind can simply be placed in the discretionary margin.

**Tip:**

The standard practice criterion was tightened further in 2016. The efficiency margin of € 2,400 did not change, however. In 2016, allowances, benefits in kind and provisions of up to € 2,400 per employee per year were in any case considered as customary by the Tax and Customs Administration as well. It is expected that the efficiency margin will not change in 2017 either.

Meals at work may be designated in the discretionary margin. The value of such a meal amounts to € 3.30 in 2017 (2016: € 3.25) (irrespective of the type of meal).

Tip:

As result of, among other things, signs that the work-related expenses scheme is not very practicable for SMEs, the House of Representatives requested the government to bring the planned evaluation of the work-related expenses scheme forward from 2018 to 2017.

#### **6. Tax credit in respect of share options for innovative start-ups**

Start-ups often have insufficient liquid assets to pay their employees more wages. They can compensate their employees for this by granting them share option rights. This will become more attractive for innovative start-ups as from 2018, because subject to certain conditions from that moment only 75% of what is enjoyed when exercising or selling the share option right will be taxed. The exemption that is enjoyed is at most 25% of € 50,000 (= € 12,500).

Please note!

This allowance only applies for innovative start-ups that held an R&D statement for start-ups at the moment the share option right was granted.

#### **7. Reversal of the obligation to withhold for foreign group members expanded**

It was already possible in 2016 to reverse the obligation to withhold for a foreign group member to a group member established in the Netherlands. This was subject to the condition that the foreign group member mediated in the employment of an employee in the Netherlands. This condition lapsed in 2017. This means that each foreign group member that is obliged to withhold in the Netherlands has the right as from 2017 to reverse this obligation to withhold to a group member established in the Netherlands.

#### **8. Wage tax tables replaced by calculation tool**

Instead of publishing the 2017 wage tax tables, the Tax and Customs Administration applies a wage tax table calculation tool as from 1 January 2017. The calculation tool generates the correct wage tax table for your situation on the basis of your answers. The calculation tool also generates tables for specific situations that were still included in the conversion rules up to and including 2016.

#### **9. Distinction between temporary workers and payroll employees**

As from 1 January 2017, you are required to make a distinction in your withholding tax returns between temporary workers (code 11) and payroll employees (new code 82).

A payroll employee exists if:

- the employee has been recruited and selected by the client under its responsibility,
- the employer and the client have agreed that the employee will be made available exclusively to the client, and
- the client is responsible for the employee's personnel policy.

If an employee with a temporary employment contract satisfies these three conditions, you will be required as from 1 January 2017 to use code 82 for this employee.

Tip:

At the end of 2016 the Supreme Court determined that having an allocation function (= bringing supply and demand in the labour market together) is not required in order to come under the definition of a temporary employment contract. This means that a payroll company can also continue to make use of the advantages of temporary employment contracts, such as the expanded period of wage exclusion, the inclusion of a temporary employment clause and an increase of the number of contracts for a definite period that is allowed (chain provision).

However, the Supreme Court did indicate that the legislator or the judiciary may intervene if the use of temporary employment contracts by payroll companies leads to unintended consequences. The question is what this will mean in practice.



#### **10. Further specification other pensions, annuities, etcetera**

Code 21 (other pensions, annuities, etcetera) ceased to exist on 1 January 2017. Instead, you will have to use the new codes 54 up to and including 63.

#### **11. Premium contribution Healthcare Insurance Act reduced**

The percentage of the income-related Healthcare Insurance Act (ZVW) contribution is somewhat lower as from 1 January 2017. This reduction is contrasted by an increase of the maximum wage for healthcare insurance, however. In 2017, the low income-related ZVW contribution of 5.4% (2016: 5.5%) over a maximum wage for healthcare insurance of € 53,701 (2016: € 52,763) applies for DGAs who are not insured for employee insurance schemes. In 2017, employers pay for their employees the high income-related ZVW contribution of 6.65% (2016: 6.75%) over a maximum wage for healthcare insurance of € 53,701 (2016: € 52,763).

#### **12. Change differentiated Return to Work Fund (Whk) premium and WGA self-insurers**

Employees who are able to earn 65% or less of their old wage after 104 weeks of illness resulting from occupational disability receive benefits under the Return to Work (Partially Disabled Persons)

Regulations (WGA) in case of:

- partial (35%-80%) occupational disability, or
- full but not sustained occupational disability (80%-100%).

The costs related to payment of WGA benefits are charged on to the employer for a period of 10 years. This applies to both permanent employees and to flex and temporary employees. If an employer has placed the occupational disability risk with the UWV, these costs will be charged on to it by the Tax and Customs Administration via the differentiated Return to Work Fund (Whk) premium. No distinction was made until 1 January 2017 between the WGA permanent and the WGA flex premium components in the differentiated Whk premium. WGA permanent is defined as personnel that entered the WGA from permanent employment and WGA flex concerns former employees who entered the WGA from the Sickness Benefits Act. The distinction lapsed on 1 January 2017.

In addition, until 1 January 2017 an employer could only be a self-insurer for WGA permanent. This was expanded on 1 January 2017 to include WGA flex and you can only be self-insurer for WGA permanent and WGA flex jointly.

#### **Please note!**

In order to remain self-insurer, you should have submitted a model letter of guarantee to the Tax and Customs Administration on 31 December 2016 at the latest. You are no longer a self-insurer as from 1 January 2017 if you failed to do so, including in the event you previously were a self-insurer for WGA permanent.

As a medium-sized or large employer you bore what are known as “staartlasten” until 1 January 2017. These are costs related to WGA benefits that arose before the switch from the UWV to self-insurance status or the costs of future benefits to employees whose first day of occupational disability was before the switch to self-insurance status. If you acquired self-insurance status after 1 July 2015, you will no longer bear these “staartlasten” as from 1 January 2017.

The determination of the differentiated Whk premium will change as from 1 January 2017 for medium-sized and large employers who returned to public insurance with the UWV after 1 July 2015. As from 1 January 2017, the calculation of the premium takes account of both the benefits from the period of self-insurance status and the benefits from the period in which you were publicly insured (up to 10 years ago). Consequently, you no longer pay the minimum premium when you return to the UWV. This basically means that the UWV will charge the cost of claims that arose during self-insurance status on to you. This known as the return premium.

#### **Please note!**

Benefits that arose during self-insurance status therefore remain for your account or for the account of your insurer.

An anti revolving door measure has since entered into effect. This means that if you decide you no longer wish to have self-insurance status and switch to the UWV, you have to stay with the UWV for at least three years. Until recently, a change after one year was still possible in the event of termination of self-insurance status when the bank or insurer withdrew the letter of guarantee, in the event of bankruptcy, if the statutory debt management scheme for natural persons was declared applicable and when being an employer ended. It is currently the case that, irrespective of how the return came about, approval for acquiring self-insurance status does not follow until the public insurance has lasted at least three years.

### **13. Check the 2017 Return to Work Fund (Whk) premium**

In 2017, the differentiated Return to Work Fund (Whk) premium consists of two components:

- a WGA premium component for all forms of employment (both permanent and flexible employment)
- a ZW premium component for flexible employment

The individual, payable differentiated Whk premium partly depends on the amount of the income assessable for social insurance and the individual employer's risk when compared to the average employer's risk. If you hold self-insurance status for the ZW and/or the WGA, that part of the premium is set at nil. Small employers (wages in 2015 < € 322,000) pay a premium that depends on the sector in which they belong.

The differentiated Whk premium owed by you therefore depends on various factors. This means that it may happen that the Whk decision 2017 you receive is based on incorrect information. You should therefore check the decision carefully. You should also request the lists of benefits of current and former employees that are allocated to you from the Tax and Customs Administration. The list may include employees who were never employed by you, or to whom the no-risk policy applied, so that you do not have to pay the costs related to the relevant benefits.

## **7. Employment law and miscellaneous**

### **1. Increase transitional allowance**

Since 1 July 2015, you, as an employer, have owed a transitional allowance if a temporary or permanent employee was employed by you for at least two years and his/her employment contract ended at your initiative. The amount of the transitional allowance depends on the number of years the employee was employed and the gross all-in monthly salary. The maximum transitional allowance was € 76,000 or an annual salary if that was higher. The maximum transitional allowance was increased to € 77,000, or an annual salary if that is higher, on 1 January 2017.

### **2. Compensation transitional allowance dismissal long-term sick employee**

Employers who dismiss a sick employee after two years of illness also owe a transitional allowance. The government intends to compensate employers in future for this transitional allowance. Compensation will be paid from the General Unemployment Fund (Awf). The relevant budget will be created by increasing the uniform Awf premium.

#### **Please note!**

It will take some time before the compensation commences. A legislative proposal has since been completed, but it has not yet been submitted to the House of Representatives. It is expected that the compensation scheme will become effective on 1 January 2019 at the earliest. It is the intention to compensate employers who paid a transitional allowance as from 1 July 2015 following dismissal of a long-term sick employee as yet.

You are not obliged to terminate employment following two years of illness. You do not owe a transitional allowance if you do not terminate the employment. However, the employment contract continues to exist, and therefore such "dormant employment" does entail risks. The reason is that there is a chance that the sick employee may return to work. The position has often already been

given to another person, which results in redundancy and suitable work is not always available either. And if farewell has to be said to this employee at a later moment, the transitional allowance will only have increased further as a result of the passage of time.

Tip:

Dormant employment is high-risk. It is therefore advisable in many cases to terminate the employment after two years of illness and pay the transitional allowance. This provides certainty and prevents the costs from being higher in future.

### **3. Deviations from the transitional allowance under a CLA**

The government intends to provide CLA parties with additional scope to deviate from the transitional allowance that is owed in the event of dismissal for commercial reasons. In that case, the provision regulated in a CLA no longer has to be equal to the statutory transitional allowance, provided this provision provides for a reasonable financial compensation or increases the chance of finding new work. CLA parties will be able to determine the content and scope of the CLA themselves and who pays the costs of such a provision. This does not have to be the individual employer by definition. It will take some time before this enters into effect. A legislative proposal has since been completed, but it has not yet been submitted to the House of Representatives. It is the intention that the scheme enters into effect on 1 January 2018.

### **4. Change to the Working Conditions Act anticipated for 1 July 2017**

A legislative proposal for amendment of the Working Conditions Act is before the Senate. It is expected that the proposed amendment will enter into effect on 1 January 2017.

The most important proposed changes include:

- Each employee will have direct access to an open consultation hour with the company doctor.
- Each employee will be entitled to a second opinion from another company doctor for the employer's account.
- The right of consent for the Works Council concerning the choice of health and safety officer and his/her place within the organisation.
- Strengthening the position of the health and safety officer and the cooperation with occupational health service providers.
- The company doctor will be afforded scope to consult with the Works Council.
- All occupational health services experts will also have the right to consult with the Works Council.
- The company doctor's advisory role is emphasised.
- The company doctor has the right to visit every workplace.
- Agreements concerning health and safety services must be laid down in an occupational health services basic contract.
- The Inspectorate SZW will have broader sanction possibilities.
- Greater involvement on the part of employees and participation bodies in occupational health services.

### **5. Education vouchers in 2017**

A high-opportunity position (kansberoep) is a position where the chance of finding employment is average or higher. A subsidy in the form of an education voucher of € 2,500 is possible for training in what is known as a high-opportunity job. This is subject to the condition that the applicant attends training towards a high-opportunity job or that the applicant wishes to demonstrate on the basis of a competence certificate (EVC) that he/she is suitable for work with a future employer. The UWV updates the list of high-opportunity jobs twice per year.

Tip:

Applicants may apply for an education voucher if they receive benefits under the Unemployment Insurance Act (WW) or the Older Unemployed Persons Income Scheme Act (IOW). Working persons with an employment contract or self-employed persons can also apply for an education voucher for training or an EVC in a high-opportunity job.

The conditions for the education voucher are:

- Placement of the CV on werk.nl and registration as a jobseeker with the UWV.
- The training leads to a job that is included in the High-Opportunity Jobs List and is concluded with a recognised diploma or certificate.
- The application is received by the UWV at least 14 days before the first day of training.
- A training course of EVC process has not been paid previously for the applicant on the basis of the Sector Plans Co-Financing Regulations 2015.
- The training or the EVC process are not being paid in full or in part from other schemes of semi-public institutions.

Please note!

The amount of the application can be at most € 2,500. The applicant pays the difference if the training is more expensive.

Education vouchers can be applied for up to and including 31 December 2017. Each applicant can use an education voucher only once.

## 6. Changes to pension legislation

The following pension measures still have to be adopted by the Senate and have therefore not yet entered into effect. A vote on these measures in the Senate will be held later, at which point they will acquire an effective date with retroactive effect of 1 January 2017.

- Old-age pension including state pension may not exceed 100% of the pensionable wage earned most recently. Lower thresholds applied for the surviving dependents' pension up to and including 2016 ((70% for partners, 28% for full orphans and 14% for half orphans). These thresholds are abolished so that the 100% threshold also applies for these pensions. The maximum surviving dependents' bridging pension for half orphans allowed under tax is set on 1 January 2017 at 50% of the maximum amount of the surviving dependents' bridging pension for full orphans.
- As from 1 January 2017, employees will have the right to postpone their old-age pension without continuing to work on the basis of an employment contract (continuation of work requirement). The continuation of work does continue to apply to pre-pension and early pension accrued until 1 January 2006.
- As from 1 January 2017, pension benefits are allowed to commence on the 1st day of the month in which the current or former employee reaches the standard retirement age (in 2017: 67) without recalculating this actuarially.

## 7. State pension age raised by another three months

In 2017, the state pension age will again be increased by another three months to 65 years and 9 months. An overview of the state pension age for the coming years:

- 2017: 65 years and 9 months
- 2018: 66 years
- 2019: 66 years and 4 months
- 2020: 66 years and 8 months
- 2021: 67 years
- 2022: 67 years and 3 months

Tip:

The state pension age can be calculated on the website of the Social Insurance Bank.

In conclusion

If you have any questions pursuant to this newsletter, please feel free to contact one of our advisers.