

Year-end pointers for employers

With the end of the calendar year approaching, we provide insight into which matters require your attention in 2024, with our Year-End Tips. What new obligations will apply next year? What points do you need to consider before the end of this year? As some of the proposed legislative changes in the Dutch [Tax Plan 2025](#) take effect as soon as 1 January 2025, it is important to consider the tax implications of this Tax Plan now. And of course, we also discuss a number of tips and points of attention that are important every year.

In these Year-End Pointers you can read more about deadlines, new legislation and obligations, and key points of attention for employers. [Your advisor](#) would be happy to discuss which tips are particularly important for you.

Please note: *the House of Representatives and the Senate still need to approve a number of proposals. It is possible that certain measures will be implemented in a revised form, or not at all.*

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General pointers for employers

Application of Wet DBA for ZZP'ers

The Employment Relationships Deregulation Act (Wet Deregulerend Beoordeling Arbeidsrelaties or 'Wet DBA') was introduced several years ago to provide clarity on whether a self-employed individual without employees (a so-called 'ZZP'er') should be regarded as an employee. In recent years, an 'enforcement moratorium' was in place on the Wet DBA, which meant the law was only enforced in exceptional situations.

The enforcement moratorium will end as of 1 January 2025. This means that, from then on, the Dutch Tax Authorities will start checking whether a ZZP'er should be considered an employee and enforce the rules on this basis.

At the same time, new legislation regarding hiring self-employed individuals has yet to be introduced. For the time being, the parties involved will have to make do with the Wet DBA and all the uncertainty it brings.

If the Dutch Tax Authorities come to the conclusion that there is an employment contract instead of a contract for services, there is a tax risk that additional wage taxes and contributions are levied on the amounts paid to the ZZP'er, plus statutory interest and penalties. This creates a significant financial risk for the client/employer. The additional levy is applied with retroactive effect to 1 January 2025. In case of obvious false self-employment, retroactive taxation can also be imposed for periods prior to 1 January 2025. There is also a labour law risk, in that

at some point (often in case of long-term illness or termination of the assignment by the client), the ZZP'er may claim an employment contract, including sick pay, job protection, pension accrual, etc.



Pointer: Make sure you recognise potential risks in time and, if necessary, take measures to mitigate them. The position of ZZP'ers remains a hot topic and the risks are significant, especially for clients.



→ Map out the hiring of ZZP'ers.

Our experts would be happy to help.

Get your administration in order

As soon as possible, make sure that the financial administration and the wage administration are in alignment. If it becomes clear that certain remunerations have for example been paid, but are not included in the wage administration, you can still pay the wage tax due. The wage administration for 2024 must be finalised before submitting the wage tax return for the last wage period of the year.

Points of attention in this regard are:

- a copy of the identification document (ID) of each employee
- invoices for benefits in kind and other provisions
- declarations for costs which have been reimbursed

It is not permitted to ask temporary agency workers for a copy of their ID. Instead, ensure that you have documented matters such as the type and number of the ID as well as the date of expiration. You should also make sure that you have accurately documented the wages and holiday bonuses paid to temporary agency workers as well as the number of hours that they have worked.

Check sector allocation & tax return period 2025

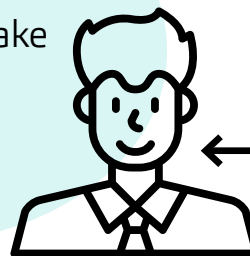
You will receive a sector allocation (by means of the 'beschikking gedifferentieerde premie Whk') from the Dutch Tax Authorities at the end of the year. Check whether your sector allocation for 2025 is accurate and still matches your business activities.

Do you want to change your wage tax return period from 2025 onwards? If so, do this before 14 December 2024, using the form 'Wijzigingen aangiftetijdvak loonheffingen'.

Don't forget the notice period for temporary contracts

Do you have any temporary employment contracts that end on 31 December 2024? If so, be sure to inform the employee on time whether or not you intend to prolong the contract. For contracts lasting longer than six months, a notice period of one month applies. If you do not give notice of whether or not you wish to prolong the contract on time, the employee can claim damages. Therefore, you should inform your employee before 1 December!

Keep track of which temporary contracts which will expire in the course of 2024 and take note of the deadlines for the notice periods.



Create a transition compensation provision

Do you anticipate having to lay off an employee, for example due to poor performance, a restructuring or a reorganisation? In the event that you would be required to pay transition compensation, it may under certain circumstances be possible to form a provision for this. In this regard, it is important that the expenditures are the result of facts and circumstances from before the balance date (and which can also be allocated to that period), and that there is a reasonable amount of certainty that you will have to pay transition compensation in the future. Make sure that you document the substantiation for this properly, having consulted your advisor at Baker Tilly.

Put deadlines for grant applications in your 2025 calendar

In 2025, there are various subsidy opportunities with regard to staff and taxes that can help businesses reduce costs and stimulate growth. This includes subsidies for hiring staff from specific target groups, such as young people or the long-term unemployed. There are also tax benefits, such as tax credits for investments in sustainable technologies and training. It is important to keep well-informed about the specific conditions and deadlines of

these schemes to use the available support optimally. Put the 2025 deadlines in your calendar now.

International employment

Withholding obligation within a group

Are you part of a group with group entities abroad? Under certain conditions you can transfer the wage tax withholding obligation to the Dutch part of the group. In this way you can prevent a foreign member of the group from being confronted with a Dutch withholding obligation and the administrative obligations that come with it. For this, you should normally submit a request to the Dutch Tax Authorities before 1 January 2025.

Request an A1 declaration & extend work permits

If you have employees who work in the Netherlands but live across the border (within the European Union), it is important to determine their position for social security purposes. You can obtain certainty on this point with a so-called A1 declaration, which is generally valid for a period of 12 months. Assess whether any existing A1 declarations will expire and, if needed, request a new declaration so that you are certain of whether or not the employee is covered by social security in the Netherlands, in 2025.

As of 1 July 2023, a number of European member states (including the Netherlands) concluded a Framework Agreement on Social Security, in order to address the increasing demand for hybrid working for frontier workers. The framework allows frontier workers to remain covered by the social security of their country of work, for instance the Netherlands, under certain conditions. Check whether

any employees meet these conditions and request an A1 declaration if needed.

In addition to this, assess whether you employ any workers who have either a work permit or a combined permit for residence and work. These permits are only valid for a limited period of time, so it may be necessary to request an extension.

Please note: a legislative proposal was presented on Budget Day, regarding the right to levy taxes on days worked abroad. Discuss with your advisor whether this change may influence your obligations.

30%-ruling and extraterritorial costs

If you recruit staff from abroad, it may be possible to apply for the 30%-ruling for certain employees with specific expertise which is scarce on the Dutch labour market. Under this scheme, you can pay out 30% of the gross wages tax free, in order to cover extraterritorial costs. Alternatively, you can reimburse the actual extraterritorial costs (instead of the lump sum of 30%). This choice needs to be made in the first wage tax return period of the relevant calendar year.



Pointer 1: Since 1 January 2024, the 30%-scheme is capped at the so-called 'Balkenende norm'. Transitional law applies for employees who made use of the 30%-scheme in the last wage period of 2022.

Last year, the 30%-ruling for incoming and outgoing employees was scaled down. Since 2024, the maximum tax-free allowance was 30% for the first 20 months, 20% for the subsequent 20 months, and 10% of the salary for the last 20 months. Transitional legislation applies for existing cases.

If the cabinet's proposal is approved by the Dutch House of Representatives and the Senate, this will be reversed and, as of 1 January 2027, the ruling will apply at a fixed rate of 27% for the entire maximum duration of 60 months, and salary standards will be raised. Transitional law applies, meaning that the 30% percentage will continue to apply for employees who applied the 30%-ruling prior to 2024. Moreover, salary standards for them will not be increased beyond the normal indexation.

The possibility of opting for treatment as partially non-resident taxpayer will also be abolished. This means that employees with a 30%-ruling will pay Dutch personal income tax on their worldwide income, including foreign Box 2 and Box 3 income.



Pointer 2: There is transitional law for cases where the 30% rule was already applied in the last wage period of 2023. Conditions apply: your advisor would be happy to discuss the possibilities with you.

Employers & Mobility

Beware of private-use kilometres of a company car

If a company car, which has been provided to an employee, is also used for private purposes, an additional taxable benefit may apply ('bijtelling'). In 2024, this was 22% of the list price of the car. Under certain conditions, the additional taxable benefit for electric cars may be lower: cars with no CO₂-emissions are subject to a taxable benefit at a rate of 16% on the first EUR 30,000 of the list price (2025: 17%). If an employee has less than

500 private-use kilometres and provides you with a copy of the 'Verklaring geen privegebruik auto' ('Declaration of no private use of car') from the Dutch Tax Authorities, no additional taxable benefit applies. Check whether your employee also meets the conditions in 2025.

Please note: the employee must demonstrate that there are fewer than 500 private-use kilometres in a particular year, for example by means of mileage records. If the employee cannot demonstrate this, if challenged, or if the employee exceeds the 500-kilometre threshold, there will be an additional taxable benefit over the whole calendar year. Are you not in possession of a Declaration of no private use of car? In order to avoid the additional taxable benefit, you as the employer must be able to show that the distance driven by the employee for private purposes does not exceed the maximum amount of 500 kilometres per year.



Pointer: Bring the importance of documenting private-use kilometres and the 500-kilometre limit, to the attention of your employees. If the limit is exceeded in the last week of the year, this will have significant financial consequences for the employee!

Note change to final levy on delivery vehicle as of 2025

A taxable benefit is also deemed present in the case of a delivery vehicle that can be used privately, unless the vehicle is demonstrably not used for more than 500 private kilometres on an annual basis. This is difficult to prove in practice for delivery vehicles continuously used on an alternating basis. In that situation, the employer may apply a final levy of EUR 300 per delivery vehicle per year, instead of applying an additional taxable benefit. This levy does not have to be recovered from employees and is incurred by the employer.

This amount has been the same for years and was not indexed annually. On Budget Day, it was proposed to adjust the final levy amount by current inflation with effect from 1 January 2025. If this adjustment is approved, the amount will become EUR 438 a year from 1 January 2025. As of 1 January 2026, this amount will be indexed annually.

Ensure that fines are dealt with on time

If an employee has incurred traffic fines with a company car, it may be the case that you pay the fine upfront and then recover the costs from your employee later. If so, make sure that you recover these costs in 2024. If you pay a fine and do not recover it from the employee, the amount of the fine may constitute wages. This means that you could risk an additional wage tax assessment. Additionally, make sure that this option is explicitly documented in the labour agreement or a company car arrangement. Certain steps may be required in order to offset fines against an employee's wages.

Terminating a lease agreement

Will an employee with a leased car be leaving your company next year? It may be worth terminating the lease agreement with the leasing company before 1 January 2025. If the employer pays the termination fine and recovers it from the employee, the employee can deduct the amount from the additional taxable benefit, in the form of an own contribution ('eigen bijdrage'). Note that this must be explicitly agreed upon with the employee. Please note: the additional taxable benefit cannot be a negative amount.

Work-related personal-mobility scheme: reporting and administrative obligations as of 1 July 2024

Under the 'Normative Regulation Work-Related Personal-Mobility ('Normerende Regeling Werkgebonden Personenmobiliteit'), employers with over 100 employees are required to report annually on their employees' CO₂-emissions from commuting and business travel. The reporting obligation and the administrative entered into force on 1 July 2024. Consider that the reporting for the first period (1 July 2024 – 31 December 2024) should be submitted no later than 30 June 2025. The next reporting period is 1 January 2025 - 31 December 2025.

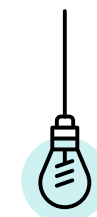
Increase the normal travel allowance

The maximum tax-free reimbursement for business mileage (including commuting) was increased to EUR 0.23 per kilometre as of 1 January 2024. Some contracts refer to this fiscal maximum. In those cases, you apply the increased exemption from 2024 onwards. Do your contracts refer to a specific amount? If so, assess whether it is desirable to adjust this amount. Pointer: The increased exemption also applies to entrepreneurs and recipients of income from other activities. They too may deduct EUR 0.23 per business kilometre if they make use of a private mode of transport.

➔ [Read more tips for PIT entrepreneurs in our Year-end Pointers for Entrepreneurs and Director-Substantial Shareholders](#)

Pay attention to public transport travel allowances

Note adjustment to public transport travel allowance
In the past, different rules applied for the untaxed reimbursement, issue or provision of a public transport pass or off-peak fare ticket. Since 2024, it does not matter how the employer offers the public transport pass or the off-peak fare ticket to the employee. Whether providing, reimbursing or made available, the public transport pass or off-peak fare ticket is tax-free, provided it is (at least partially) used for business purposes (including commuting). Consider whether you want to adjust your current travel allowances in 2024. Pay attention to the necessary frameworks, decision making and records for this.



Pointer: The cabinet has proposed amending the text of the law to clarify which forms of 'providing, reimbursing or making available' are covered by the targeted exemption. The exemption is also no longer limited to Dutch public transport.

Work-related Expenses Scheme

Check and use the remaining discretionary margin

For certain reimbursements and provisions in kind to employees, specific exemptions apply for wage tax purposes. If no exemption applies, a reimbursement or provision in kind can be included in the discretionary margin ('vrije ruimte') of the 'Work-related Expenses Scheme' ('werkkostenregeling' or 'WKR'). Within the discretionary margin, you can offer your employees reimbursements and provisions in kind, free of tax. Have you not used up all of your discretionary margin? Perhaps you could use it to surprise your employees

with an extra special Christmas gift, or to pay out the usual bonus (tax free) as a net amount under the discretionary margin. Take careful note of the conditions which apply in this respect.

Pointer 1: Are you organising a Christmas party? If this party is held at the workplace, this will not reduce the discretionary margin. However, if the Christmas party is expanded to include a meal, a lump sum amount of EUR 3.90 per meal must be taken into account for the WKR.

Pointer 2: Check whether it is advantageous to apply the group arrangement.

Pointer 3: Will you be organising a New Years party in 2025? By doing this at the workplace rather than an external venue, you can prevent that a large part of the discretionary margin for 2025 is immediately used up.

Make agreements on working from home

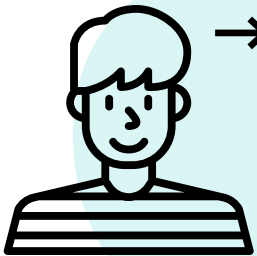
Employers can grant employees a tax-free reimbursement for working from home, to a maximum of EUR 2.35 (2024) per day worked from home. If there is a structural pattern of working from home, a fixed reimbursement could also be agreed upon. Please note: if a tax-free reimbursement for working from home is paid for a particular day, it is not possible to also pay a tax-free reimbursement of the costs of commuting from home to work on that day.



Pointer: Do you not yet provide a working-from-home reimbursement? If so, you could consider whether you want to start doing so. Please ensure correct documentation and administration.

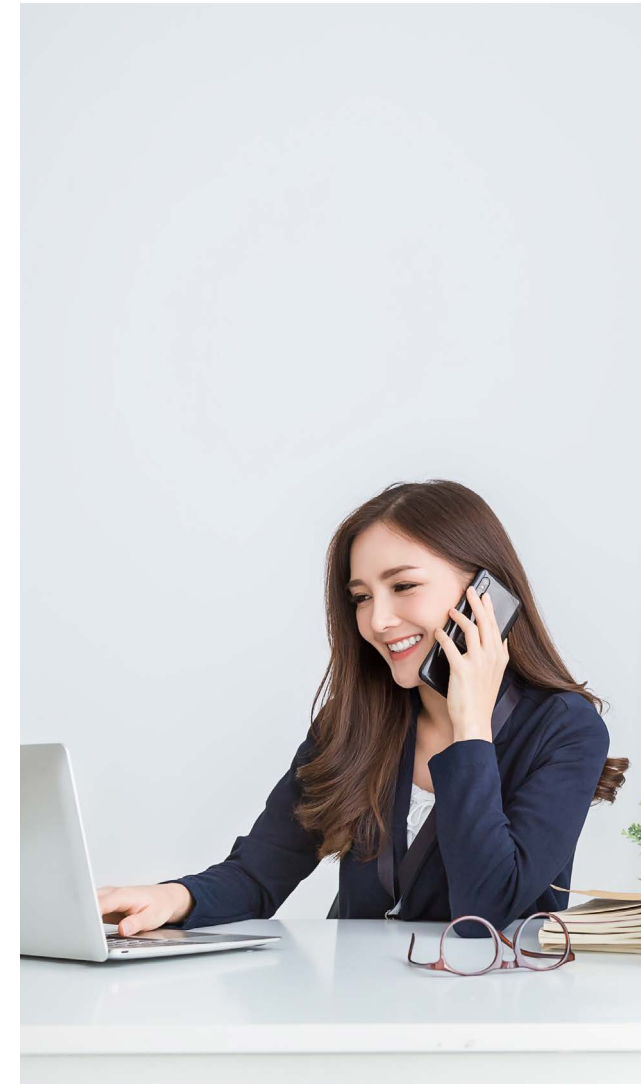


Read more about our Year-end pointers for private individuals, entrepreneurs, director-substantial shareholders and businesses [here](#).



→ Our Employment Advisory experts would be happy to explain how to make optimal use of the discretionary margin in the WKR.

Contact our advisors [here](#).



This overview was written with due care and attention, based on the legislative proceedings until 20 October 2024. This overview is intended to be general in nature and should not be construed as specific advice or a comprehensive overview of all changes. A number of topics, pointers, measures and legislative proposals were not included in this overview. Please note: several measures have not yet been finalised. It is possible that they may be changed during the legislative process. Discuss what the consequences of the proposed changes are for your situation with your advisor.