



**BUREN BASICS
EMPLOYMENT | PART 1:
TYPES OF EMPLOYMENT
CONTRACTS UNDER DUTCH
LAW**

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Dutch law provides a choice of several types of employment contracts. It is possible to conclude a fixed-term or a permanent employment contract. Furthermore, several atypical contracts occur in the Netherlands. Please find below a short description of the types of employment contracts under Dutch law.

Fixed-term contract

In principle no limitation applies to the duration of a fixed-term employment contract. This means, for instance, that the parties could agree on a contract for one or five years. A fixed-term employment contract will in principle end by operation of law after the expiry date. In principle fixed-term employment contracts cannot be terminated prematurely, unless this has been agreed in the employment contract.

Please note the following with respect to fixed-term employment contracts:

- In case of a fixed-term employment contract with a duration longer than 6 months, the employer is required to inform the employee at least one month before the termination date whether or not the employer intends renewing the employment contract and if so, on which conditions.
- Dutch law limits the number of times and/or periods during which an employee may be employed under fixed-term contracts. If the aggregate term of consecutive contracts exceeds 24 months, or the number of consecutive contracts exceeds three, the fixed-term contract will be automatically converted into a permanent employment contract.

Furthermore, the parties could agree that the fixed-term employment contract does not end on a specific date but covers a specific time-frame or a period that can be determined by objective standards (e.g. for the duration of a specific project of the employer). In this respect, it is important that the employment contract contains a clear definition of these objective standards.

Permanent contract

There are two major differences between fixed-term and permanent employment contracts:

- A permanent employment contract does not end by operation of law but can only be terminated by (i) mutual consent, (ii) with the prior permission of the UWV or (iii) by means of dissolution by the court. In addition, termination with immediate effect is possible during the trial period or for urgent cause.

- Permanent employment contracts may include a non-competition clause, while fixed-term employment contracts may not. An exception applies if the employer's business interests are mentioned, clearly specifying the business activities concerned, the specific function of the employee, the business information the employee could possess and the damage that could be caused in case the employee would transfer to a competitor, etcetera.

Atypical contracts

Beside fixed-term and permanent employment contracts, there are several forms of atypical work contracts in the Netherlands, such as:

- On-call employment contracts;
- Zero-hours employment contracts (a contract without any guarantee with respect to the number of hours of work);
- Temporary employment contracts (*uitzendovereenkomst*);
- Employment contracts with a statutory director as defined in the articles of association (*statutair bestuurder*).

Another type of work contract is a service contract with a self-employed person. Please be aware that, in principle, this type of contractual relationship does not fall under the scope of Dutch employment regulations.

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