

Growing your company to the Netherlands means keeping up with new employment laws, including payroll. In addition to making sure all employees get paid on time, you must set up your Netherlands payroll according to all of the country's local laws — all while you strive to hire a team and find physical office space.

Globalization Partners offers a different solution. As a global PEO, we'll help you hire employees and establish your payroll without first opening a subsidiary. We can employ workers on your behalf and handle all payroll, tax, and compliance matters, so your only job will be to grow your company.

## **Taxation Rules**

The Netherlands has a robust social security system with programs covering all residents as well as employees' insurance programs only for employees. Employers primarily fund employees' insurance programs, but workers can contribute as well. These programs range from sick benefits to the Health Insurance Act. Employers should budget somewhere between 20% and 25% for these social security contributions.

Figuring out taxes for your employees can prove difficult in the Netherlands. The country has three different kinds of income "boxes" that have separate tax rates. Overall, income tax rates are progressive and depend on how much an employee makes.

## **Netherlands Payroll Options**

You have three main options for setting up your Netherlands payroll. These include:

- **Local Netherlands payroll outsourcing:** If you do not have the time or resources to run your own payroll, you can contract with a local company in the Netherlands to outsource. With this option, you are still held liable for any mistakes the company makes.
- **Internal payroll:** If you run a larger company with more time and resources, you may be able to run internal payroll out of your office in the Netherlands. This Netherlands

payroll option is more expensive and time-consuming.

- Global PEO: A global PEO is the only sure way to run your payroll and make sure you stay compliant. Globalization Partners will set up your Netherlands payroll and take on all the risk.

## **Set up Netherlands Payroll**

If you decide to set up your Netherlands payroll yourself, you'll need to follow several rules that depend on the type of business structure you use. All businesses that hire employees have to register with the Dutch Tax Authorities and get a payroll tax number. You'll need to stay compliant with all income tax withholding and national insurance withholding laws as well.

## **Necessary Entitlement and Termination Terms**

One of the best ways to hire employees and set up your Netherlands payroll is to create a strong employment contract that outlines entitlement and termination terms. Employers can only terminate fixed-term employment agreements if they include the conditions in the employment contract. Also, employees who have worked for the same employer for at least 24 months must get a transition allowance based on their amount of service.

## **Netherlands Payroll Processing Company**

Globalization Partners is the Netherlands payroll processing company you need to get started on the right foot. We'll take the compliance off your shoulders and onto ours. Contact us today to learn more.