

Crowe Foederer HR Services

The legal minimum hourly wage in practice



Dear client,

With this newsletter, we would like to inform you about the practical effect of the new statutory minimum hourly wage. In particular, we draw your attention to the practical implementation by payroll software systems such as Nmbros and Loket.nl. It is important that you read this carefully because the payroll software parties implement the new system of the law in different ways. In doing so, our basic principle is that we follow the methodology of the software supplier. However, they do not always strictly follow the letter of the law and it is still unknown how the supervisor (the Dutch Labour Inspectorate) will deal with this. If you would like us to follow the law strictly for you, please inform your Payroll Consultant. **If we do not receive a message from you, we will automatically apply the method of the payroll software system.**

Below is an explanation in 5 points:

1. The new statutory minimum hourly wage in brief
2. Applicability and explainability in practice
3. How do we handle this as Crowe?
4. Control by the Dutch Labour Inspectorate
5. You as a customer have the last word

1. The Minimum Wage Act in brief

Effective January 1, 2024, the legal minimum hourly wage was introduced. This is the gross minimum wage per hour. As of 2024, therefore, the statutory fixed minimum monthly, weekly and daily wages will disappear. For employees aged 21 and older, a minimum hourly wage of €13.27 gross will apply as of January 1, 2024.

The Ministry of SZW has prepared a knowledge document on how to deal with this new law within payroll administration (in Dutch):

- [Kennisdokument wettelijk minimumuurloon 2024 | Publicatie | Rijksoverheid.nl](#)

2. Applicability and explainability in practice.

But is the change in the law really that simple? And how will it work out for similar employees in your organisation?

Salaris Vanmorgen published an article about it together with Nmbrs: (in Dutch):

- [Minimumuurloon 2024 in de praktijk: hoe bereken je een minimum maandsalaris? . Salaris Vanmorgen](#)

3. How do we handle this as Crowe?

Within Crowe, we use two different software systems to process salaries, Nmbrs and Loket.nl. Both systems handle this new systemisation of the law differently.

Loket.nl, under the condition that the roster is filled correctly, applies the methodology from the knowledge document, which is fully in line with the new legislation, namely that each hour is paid at least the legal minimum hourly wage. If the roster is not filled, Loket.nl applies the alternative method, as explained in the Salaris Vanmorgen article.

Nmbrs, as described in the Salaris Vanmorgen article, always applies the alternative methodology. For payroll processing, it means that in some situations slightly more than the minimum hourly wage is paid and in other situations possibly just a little less.

Crowe's policy

As standard within payroll, we apply the methodology of the software system. Specifically, for the alternative method, this means that the same period wage will also be applied when taking up employment after 1 January 2024, see table below (on a full-time basis).

Standard working week Monthly salary Formula

Standard working week	Monthly salary	Formule
36 hours	€ 2.086,05	$13,27 * 7,2 * 262 \text{ (days)} / 12 \text{ (months)}$
37 hours	€ 2.143,99	$13,27 * 7,4 * 262 \text{ (days)} / 12 \text{ (months)}$
37,5 hours	€ 2.172,97	$13,27 * 7,5 * 262 \text{ (days)} / 12 \text{ (months)}$
38 hours	€ 2.201,94	$13,27 * 7,6 * 262 \text{ (days)} / 12 \text{ (months)}$
39 hours	€ 2.259,89	$13,27 * 7,8 * 262 \text{ (days)} / 12 \text{ (months)}$
40 hours	€ 2.317,83	$13,27 * 8,0 * 262 \text{ (days)} / 12 \text{ (months)}$

This methodology also means that in case an employee leaves employment, there is no settlement based on actual hours to be paid by default.

Continued salary payment in case of illness

By law, in case of illness, 70% of the salary, but at least the statutory minimum wage, must be continued to be paid in the first year. NOTE: even if you earn more than the minimum wage, this lower limit may apply.

An example:

The salary is €17 gross per hour. By law, 70% must be continued to be paid during illness, which is €11.90 gross. However, the statutory minimum hourly wage is €13.27 from 1 January 2024. Therefore, instead of €11.90 gross per hour, €13.27 gross per hour must be continued to be paid during the first year of illness when ill.

Pensionable salary

In many pension/insurance schemes, it is agreed that the salary on 1 January of any year is leading in determining the pensionable salary. If the alternative method is applied, this means an equal pensionable salary for everyone with equal hourly wages and the same scope of work. If the alternative method is not used and the salary is based on your employee's schedule, the pensionable salary you have to report on 1 January could differ for each employee.

New employment contracts

In many cases, the introduction of the minimum hourly wage means that agreements in collective agreements and employment contracts have to be adjusted to comply with the new system of the law. Our HR advice department will be happy to help you put contracts back in order.

4. Monitoring by the Dutch Labour Inspectorate

The Dutch Labour Inspectorate checks whether employers comply with the Minimum Wage and Minimum Holiday Allowance Act. Employers who underpay their employees can be fined by the Labour Inspection. The amount of the fine depends on how far the pay deviates from the statutory minimum wage and statutory minimum holiday allowance.

- Source: [Wet minimumloon en minimumvakantiebijslag | Nederlandse Arbeidsinspectie \(nlarbeidsinspectie.nl\)](https://www.nlarbeidsinspectie.nl)

5. You, the customer, have the final say

With this newsletter, we have informed you as comprehensively as possible about the legal minimum hourly wage and the application of this law.

As Crowe, we would like to perform payroll processing in a correct and standardised manner, but this change in the law does make that very difficult. Especially as the payroll processing software systems have implemented it in different ways.

If we were to follow the letter of the law, it means that we would need more information from you every month about the exact working hours of your employees and a lot of extra manual

calculations. Not only does this take a lot of extra time and extra costs, but quality may also suffer. If we were to use the alternative method, it would mean making a different calculation from the example calculations in the knowledge document.

Whether the Dutch Labour Inspectorate agrees with the alternative method, we cannot tell you at this unfortunate moment. As you as the employer are the withholding agent and therefore ultimately responsible for payroll processing, we want to offer you a choice.

If you would prefer to pay your employees per hour worked, please indicate this to your Payroll Consultant. Each month we would then like to receive the number of hours to be paid for that month. If we do not receive a message from you, we will automatically apply the software system method.

Should you have any further questions please contact your Consultant.

Kind regards,
Team Crowe Foederer HR Services
