

## **Amendments to the Standards for Remuneration Act**

On January 1, 2013 the Standards for Remuneration Act (Wet Normering Topinkomens, hereinafter referred to as “WNT”), took on effect. The essence of the WNT is that senior officials in the public and semi-public sector may not earn more than 130% of a minister’s salary. Furthermore, the severance pay for senior officials is maximised on one annual salary, with a maximum of EUR 75,000. In order to prevent getting around that maximum, parties cannot agree anymore that the senior official, in advance of the termination of his contract, will enjoy paid garden leave; under the WNT arrangements regarding non-activity of the senior official are not permitted. Every year the remuneration ceiling is laid down in a order, for 2014 that ceiling is EUR 230,474. In specific WNT-sectors the minister can set up a lower remuneration ceiling.

In 2013 the Dutch government announced amendments to the WNT. It has become clear by now that most likely three amendments to the WNT will be implemented. Those amendments are discussed below.

### **WNT Amending Act**

In February 2014 the Lower House adopted the bill amending the WNT (“Aanpassingwet WNT”). At present the bill is under the discussion in the Senate. If the Senate will adopt the bill, the WNT Amending Act will enter into force with retroactive effect as from January 1, 2013 onwards. The Minister of the Interior and Kingdom Relations has announced that the WNT for the year 2013 will be enforced in accordance with the WNT Amending Act.

The WNT Amending Act will place public benefit organisations outside the scope of the WNT. Two additional criteria will be introduced for the application of the WNT to government-subsidized institutions, namely 1) a minimum subsidy of EUR 500,000 per calendar year, and 2) a minimum term of granting a subsidy of at least 3 successive years. The act furthermore contains several technical improvements on the WNT. Examples are a clearer definition of term “senior official” (in the WNT will explicitly be laid down that the senior official must be in lead of the whole organisation) and the removal of the mandatory social security contribution from the remuneration.

For the employment law practice is important the adjustment of the transitional law. The WNT Amending Act contains transitional law for “non-activity arrangements” that are agreed upon before the WNT came into force: such arrangements, which under the current WNT are forbidden, will be (as yet) allowed until January 1, 2017. Furthermore, the WNT Amending Act stipulates that - apart from changes in the remuneration and the term of the employment, also changes in the severance pay that are agreed upon between December 6, 2011 and January 1, 2013 fall outside the scope of the transitional law.

### **Bill Reducing WNT Remuneration Ceiling**

The Dutch government wishes to reduce the current WNT remuneration ceiling of 130% of a minister’s salary to 100% of that salary as per January 1, 2015. This will come down to an annual amount of EUR 178,540 gross at the maximum for salary, increased with taxable fixed and variable reimbursements for costs and pension contributions. In the meantime a bill has been drawn up and presented for internet consultation. The bill contains the same system of transitional law as the current WNT: existing arrangements will be respected during a period of 4 years, after which the remuneration must be cut back to the new maximum within a period of 3 years.

**Extension of the scope of the WNT**

Apart from reducing the WNT remuneration ceiling, the Dutch government wishes to extend the scope of the WNT such that the WNT will be applicable to all employees who work for an organisation that falls under the scope of the WNT. The extension of the scope should enter into force on January 1, 2017. A bill has not been drafted yet.

**Policy Regulations Applicability WNT / Regulation Remuneration Components WNT**

On February 28, 2014 the Minister of the Interior and Kingdom Relations issued policy regulations in which the Ministry sets out and expands on the applicability of the WNT and the different components of the WNT-remuneration standard. These regulations, which have entered into force with retroactive effect as per January 1, 2014, should help understand how the Ministry will exercise its powers under the WNT.