



Meijburg & Co
Tax & Legal

From Entry to Exit

**Navigating the
executive
reward
lifecycle**

March 2025



The KPMG Meijburg Reward Atelier, an interactive meeting for business leaders from the world of finance, reward and HR, took place on March 18, 2025. The afternoon focused on obtaining valuable insights and bringing different businesses and organizations into contact with one another

Highlights included the inspiration sessions, where tax and legal experts from KPMG Meijburg & Co elaborated on the three stages of the life cycle of an executive. The panel discussion was also very inspiring. The moderator for the day, Marijke Roskan, led the discussion on attracting, retaining, and engaging a new generation of executives/employees.

In this record of the meeting, those who participated in the Atelier and other interested parties can read about the matters discussed.



Entry policy - Choosing the type of employment relationship

By Esther Hoppenbrouwers and Tessa Bender

The Dutch tax authorities' revised enforcement strategy, the developments within case law, such as the recently rendered Uber judgment, and public unrest around working with self-employed persons make the choice of employment relationship more topical and complex than ever before. What do you need to consider when making this choice and where are the pitfalls?

The choice of an open-ended contract was seen as the 'go to route' by 75% of the respondents to a survey Meijburg recently held under its clients. This usually stems from cost control considerations, but the tradition within the organization and the desire of employees to play an important role also regularly turn out to be decisive here. These are not the only factors that play a role in considering which employment relationship to choose. Practice shows that flexibility, organizational agility, risk management and the impact of the organization's culture are also considerations that are taken into account.

Topical issues regarding working with self-employed persons

Working with self-employed persons has become one of the most topical public issues under discussion in recent months. The Dutch tax authorities enforcement of the DBA Act (Assessment of Employment Relationships Deregulation Act; Wet deregulerend beoordelen arbeidsrelaties; DBA Act) has slowly gained momentum since the beginning of 2025, and on site visits by the Dutch tax authorities and meetings with market parties are becoming more common. To lessen the uncertainty in these types of employment relationships, many organizations have in the past used the approved model agreements drawn up by the Dutch tax authorities.

These agreements offer parties guidelines to, in any case, shape contractual relationships in such a way that they do not indicate an employment contract. An important point to consider here is that the model agreements are still worth using through to December 31, 2029. Of importance is also the nuance that these agreements are only effective if the practical implication of the agreement is in line with what was agreed on paper. For example, it was agreed that the client would only carry out a check upon completion of the work, but in practice daily checks and performance appraisals are taking place. The legal agreement is then only of limited value with regard to that point.

It is not only the Dutch tax authorities that are becoming more transparent on this issue. For example, in February 2025 the Dutch Supreme Court, in its Uber judgment, provided more clarity on the now infamous Deliveroo judgment from 2023. In the Uber judgment the Dutch Supreme Court again confirmed that all circumstances must be considered in conjunction in order to assess whether a self-employed person is really self-employed and not actually an 'ordinary' employee. This also applies to external entrepreneurship, where what has to be considered is the manner in which contracted parties (in this case the Uber taxi drivers) work when not working for Uber. For example, do they have more customers than only Uber, an own website and do they independently acquire new work? A lot of additional questions and complexity in practice, because how do you identify all this on time? Not only the practice, but also for the legislator is faced with a challenge. The Uber judgment is at odds with the bill on the Assessment of Employment Relationships and Legal Presumption (Clarification) Act (Wet verduidelijking beoordeling arbeidsrelaties en rechtsvermoeden; VBAR), in which external entrepreneurship has been given a less prominent role than described by the Supreme Court.

Is the Supreme Court – following the example of the Council of State – forcing the legislator back to the drawing board?

The corporate view

It emerged from both the Atelier session and panel discussion that most companies prefer an open-ended appointment based on an employment contract – in particular when filling executive/senior management positions.

It was clear that the companies present pursued different policies in respect of hiring self employed persons. One of the reasons for this was the corporate culture of the organizations, whether or not as a result of their connection to their foreign-based parent organization. For other companies, it was their business model that called for a flexible workforce, making them agile and ensuring that they can adequately respond to market demand.





Retention – Retention by means of rewards

By Jelmer Post and Carlet Stubenrouch

Effective reward strategies are essential to attract, retain and motivate talent, especially in a tight labor market. Employers are increasingly expanding their reward packages with participation plans, such as share options and virtual shares. These instruments offer flexibility and ensure that employees also benefit from the appreciation in value of the company.

The world of total rewards is rapidly developing. Besides traditional types of rewards, new/other financial reward instruments are being used, aimed at enlarging the involvement of employees.

The participation plans traditionally used extensively in the United Kingdom and the United States are quickly gaining in popularity in the Netherlands. Although the aforementioned survey shows that the implementation of the instruments is often experienced as complex and complicated, it doesn't have to be that way. If the intended objectives of the participation plan are accurately presented and communicated in an understandable way to the employees, such plans can be an especially powerful

incentive for retaining employees. However, it is important to note that a participation instrument is not a one-size-fits-all reward tool. What does the relevant employee population desire and what does the new generation of employees think about this? How is the plan treated for tax purposes, both for the individual employee and the employer (deductible/non-deductible for corporate income tax purposes)? In other words: is the envisaged instrument suitable for the target group and will we achieve the desired effect? That is the question that constantly needs to be asked. The following are several examples you may want to consider when drawing up a participation plan.

- **Do you want ownership? Then skin in the game is essential!**
- **Do you want to retain employees? Then link the payment to a future event, timing is key!**
- **Do you want to motivate employees? Then set understandable and specific KPIs that are measurable for your employees.**

The corporate view

It was clear from the inspiration session and the panel discussion that those present were divided on the necessity of implementing a participation plan for the purposes of retaining executives/employees.

The increasing presence of private equity within various market sectors is an important factor in why companies are divided on this matter. Although surveys have shown that participation plans for executives or for the entire employee population contribute to increasing the involvement and productivity of the workforce, most of the companies present seemed rather reluctant to introduce this type of reward. Where private equity is involved, this reluctance seems to rapidly disappear and is more likely to be a reason to adopt this type of reward. The corporate structure can also lead to a large degree of reticence.

Participation instruments, especially 'stock appreciation rights' (SAR's), do appear to work well in practice. This is mainly the case if specific short-term goals are involved, such as a new round of funding, the sale of a start-up or the realization of ESG goals and targets. Specific examples presented by panel members in this respect were linking SARs to safety goals (e.g. the number of workplace accidents) or to the CO2 emissions of the organization.

Time will tell whether, and if so, how participation plans are ultimately embraced by many companies.

In answer to the question what other types of (financial) rewards companies were considering in order to strength employee retention, the following were put forward: adjusting for inflation, flexible employment conditions and more attention to sustainability in employment conditions (e.g. volunteer work or green travel).





Exit – terminating the employment contract

By Erick ten Cate and Mathijs Ijkhout

As employer, there's also a lot to consider when the employment relationship ends. What is the executive legally entitled to? Is there severance pay and what does that mean for the employer?

42% of the respondents in the Meijburg survey indicated that the complexity of the legislation is challenging. Given the various matters that have to be arranged and the frenzied activity that is not uncommon when employees leave the company, it is understandable that compiling a redundancy package is seen as challenging. That's why the pitfalls should never be taken lightly. After all, when employees are dismissed the employer has a legal obligation to actively help the employee. This can mean redeploying the employee and helping them train for a new job, but it can also extend to employers having to help executives find a new job.

Although some facilities may be provided tax-free to employees under the outplacement exemption in the work-related costs rules, this does not apply to everything. For example, the reimbursement of legal fees constitutes taxable salary, but certain training facilities may be provided tax-free.

The respondents in the Meijburg survey mentioned excessive severance payments as one of the most complex schemes for departing employees. To discourage the awarding of excessive severance payments, the government introduced the pseudo

final levy on excessive severance payments. Rather rigid, arithmetical rules were introduced for this, which are used to determine whether the employer is liable for a final levy of 75%. The levy is relevant for employees with a (potential) salary of around EUR 680,000 (2025).

Important points to consider in respect of this levy – which tax specialists regularly refer to as a punitive levy – are:

- The levy can apply to all types of termination of employment. Even if the employee is not dismissed but leaves of their own accord, or if the employee concludes an employment contract with a new entity within the group, thus ending the old employment contract, there can be an excessive payment under the statutory rules (if the arithmetical conditions are met).
- The indicative salary of EUR 680,000 (2025) relates to both the basic salary and any bonuses and other rewards. However, it is unclear what effect the work-related costs rules has on this. The Dutch Supreme Court is currently dealing with that question.
- It is not necessary to award severance pay to trigger the levy.
- We recommend engaging a tax advisor on time (i.e. before all the agreements have been formalized) so that the levy can perhaps be avoided or limited.

From Entry to Exit

Navigating the executive reward lifecycle

People Services
Reward Atelier



Why is the type of employment relationship important?

1

- Cost management
- Flexibility and agility
- Risk management
- Talent management
- Cultural impact

Employment relationships with executives

2

- Employment contract
- Interim management
- Freelance or consultant contract
- Management BV
- Registered in a ROB or ROC

Advantages of reward instruments and participation plans

4

- Motivation
- Retention
- Culture

Assessment of Employment Relationships (Deregulation) Act (DBA)

3

- Enforcement DBA Act
- Clarity on employment relationships
- Model agreements
- Risk management
- Market for Interim Management
- Sources

Financial reward instruments

5

- Bonuses
- Profit sharing
- Shares (share options)
- Depositary receipts
- SARs

Popularity cash plans

6

- Contract flexibility
- Increasingly complex organizations
- Tax benefits

Tax considerations

7

- Tax regime (Box 1/Box 2/Box 3)
- Taxation date
- Value

Settlement agreements

8

- Financial compensation
- Golden parachute
- Executive legal fees
- Executive outplacement
- Full and final settlement/TEQ agreement
- Redundancy pay/suspension on full pay



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