

NEW LAW FOR FREELANCERS

As of May 1st 2016, the Declaration of Independent Contractor Status (VAR) for independent professionals will be phased out. The Act for Deregulation of Labour Relations (DBA) will take its place. This is what you need to know about the new law.

▶ WHAT DOES IT ENTAIL?

Clients and independent professionals will sign an agreement stating that there is no employer-employee relationship.

▶ WHY A NEW LAW?

Under the new law, companies can be held liable if a hidden employment relationship is discovered. Under the old law, the risk was largely on the independent professional's shoulders.

▶ WHERE CAN YOU FIND THE AGREEMENTS?

The Tax Authority's website lists template agreements suitable to all types of assignments.
<http://ow.ly/104KVt>

▶ IS IT MANDATORY TO HAVE SUCH AN AGREEMENT?

No, but it does stipulate that the independent professional is his or her own boss, so that the client does not have to pay wage tax and social security premiums.

▶ DO YOU HAVE TO DRAFT A NEW AGREEMENT FOR EACH ASSIGNMENT?

No, you can use the same template agreement for each client.

▶ WHO WILL PAY IF IT TURNS OUT THERE IS AN EMPLOYMENT RELATIONSHIP AFTER ALL?

In such cases the client will receive an additional tax bill and possibly a fine from the Tax Authority. The independent professional will lose their right to fiscal advantages for entrepreneurs.

▶ WHO DETERMINES WHETHER AN AGREEMENT SHOULD BE USED AND WHICH ONE?

The client and the independent professional are jointly responsible.

▶ WHAT IF YOU WERE ALREADY WORKING FOR A CLIENT BEFORE THE 1ST OF MAY 2016?

In that case you have one year to sign a template agreement. A transitional phase applies until the 1st of May 2017.

