

Netherlands EOR vs Entity — Breakeven Analysis

At what headcount does setting up a Dutch entity become cheaper than EOR? This one-pager answers that question for your situation.

Prepared by Dhi ADT · adtsolution.com · experts@adtsolution.com · Updated for 2026 cost benchmarks

The short answer: For most companies, EOR is cheaper and faster up to 8–12 Dutch employees. Beyond that, a Dutch entity starts to make financial sense — but only if you account for the full setup cost, ongoing running costs, and the 2–4 month time to become operational. The crossover is not just about headcount. It depends on salary levels, the complexity of your Dutch operations, and whether you need IND visa sponsorship.

The Crossover Point

8–12 employees

The typical breakeven range for Netherlands EOR vs Dutch entity

Below this: EOR is almost always cheaper and operationally simpler. Above this: entity setup costs start to amortise. The exact number depends on your salary mix and how you count the cost of compliance management.

What EOR Actually Costs — Full Picture

The EOR fee is one line item. The full employer cost is considerably higher. Here is a realistic breakdown for a single Dutch employee at three salary levels.

Cost component	Employee: €55K gross	Employee: €75K gross	Employee: €100K gross
Gross salary	€55,000	€75,000	€100,000
Employer social contributions (~24%)	€13,200	€18,000	€24,000

Holiday allowance (8% mandatory)	€4,400	€6,000	€8,000
EOR service fee (Dhi ADT: €449/mo)	€5,388	€5,388	€5,388
Total annual employer cost	€77,988	€104,388	€137,388

Note: Does not include one-off onboarding costs or optional benefits (pension, private health). Employer social contributions include ZW, WW, WGA, and healthcare levy. Approximate figures — exact rates vary by sector CAO.

30% ruling impact: For international hires who qualify, the 30% ruling reduces the taxable salary base, effectively lowering the employer social contribution burden and increasing the employee's take-home. This makes EOR via an IND-recognised sponsor like Dhi ADT particularly cost-effective for international hires in the Netherlands. The benefit applies for up to 5 years (reducing to 27% for new applications from 2027).

What a Dutch Entity Actually Costs — Full Picture

Entity setup costs are often underestimated because the one-off and ongoing costs are quoted separately. Here is the complete picture.

Cost component	One-off (setup)	Annual recurring	Notes
Legal entity formation (BV)	€1,500–€3,000	—	Notary fees + KvK registration
Legal advisory (employment setup)	€2,000–€5,000	—	Employment contracts, policies, works council advice if needed
Dutch accountant / payroll bureau	€500–€1,000	€3,000–€8,000	Monthly payroll processing, tax filings, annual accounts

Corporate tax compliance	—	€2,000–€5,000	Corporate income tax return, transfer pricing if relevant
Local director (if needed)	—	€4,000–€12,000	Required if no EU-resident director. Not always needed.
HR administration overhead	—	€2,000–€6,000	CAO compliance, sick leave tracking, reintegration if needed
IND sponsor registration (if you need to sponsor visas)	€5,000–€10,000	€1,000–€2,000	IND recognised sponsor status — takes 3–6 months to obtain
Total entity cost (ex-salary)	€9,000–€19,000	€12,000–€33,000	Wide range depending on complexity and whether you need visa sponsorship

The time cost: A Dutch BV takes 2–4 months to set up fully — entity registration, payroll setup, tax registration, employment contracts, bank account. During that window you cannot legally employ anyone. EOR can have someone on compliant employment in 5–10 business days.

Side-by-Side Breakeven — Annual Total Cost per Employee

This table compares the total annual cost of EOR vs entity across different headcount scenarios. Entity costs are amortised over 3 years for the setup component.

Headcount (NL)	EOR annual cost (fee × headcount, ex-salary)	Entity annual cost (setup ÷ 3 + recurring, ex-salary)	Difference	Verdict
1–2 employees	€5,388–€10,776	€18,000–€39,000	EOR: €8K–€28K cheaper	EOR wins clearly

3–5 employees	€16,164–€26,940	€21,000–€42,000	EOR: €5K–€15K cheaper	EOR still ahead
6–8 employees	€32,328–€43,104	€24,000–€45,000	Near parity at 8	EOR marginal edge
8–12 employees	€43,104–€64,656	€27,000–€50,000	Entity becoming cheaper	Crossover zone
13–20 employees	€70,044–€107,760	€30,000–€55,000	Entity: €15K–€52K cheaper	Entity wins
20+ employees	€107,760+	€35,000–€60,000	Entity: significant savings	Entity clearly right

Important caveat: These figures exclude salary and employer social contributions (which are identical regardless of EOR or entity). They also exclude the cost of compliance failures — a single Wet DBA audit, sick leave mismanagement, or CAO non-compliance can cost far more than the EOR fee differential. Entity cost assumes you manage Dutch HR compliance competently, which requires either internal expertise or external advisors.

Four Common Scenarios

Scenario A — First NL hire, no entity

- 1 Dutch software engineer, €75K gross
- Company based in US or UK
- No plans to expand beyond 3–4 NL hires
- Needs person to start within 4–6 weeks

✓ EOR is the right answer. Entity setup takes 2–4 months. For 1–4 employees, EOR is cheaper, faster, and removes compliance burden entirely.

Scenario B — 5 NL employees, growing fast

- 5 NL employees today, planning 10–15 within 18 months
- Mostly engineers, €70–90K salary band
- Company has EU presence but no Dutch entity yet

✓ **Start with EOR now. Begin entity setup in parallel. Transition at 10–12 employees. Using EOR during the setup period avoids a compliance gap and the 2–4 month wait.**

Scenario C — International hire needing visa sponsorship

- Hiring an Indian software engineer in Amsterdam
- Needs Kennismigrant visa sponsorship
- Company has no IND recognised sponsor status

✓ **EOR with IND-recognised sponsor. Obtaining IND sponsor status takes 3–6 months and costs €5K–€10K. Dhi ADT has IND status — can sponsor immediately. Entity option not viable on this timeline.**

Scenario D — 15 NL employees, established team

- 15 NL employees currently on EOR
- Stable headcount, no major growth planned
- EOR costs running ~€80,700/year (15 × €5,388)

✓ **Entity worth evaluating. At 15 employees, entity annual costs (€30K–€50K) are meaningfully lower. Factor in 2–4 months transition time and setup cost (~€15K–€20K). ROI positive within 12–18 months.**

Dutch Entity Setup Timeline

If you decide to set up a Dutch entity, here is a realistic timeline. Do not start this process without factoring in the gap period — EOR covers you during this window.

Wk 1–2

Legal advisor briefed, draft articles of association

Wk 3–5

Notary appointment, BV registered with KvK

Wk 5–8

Tax registration, payroll bureau onboarded, bank account opened

Wk 8–12

Employment contracts drafted, CAO review, first payroll run

Wk 12–16

Fully operational. IND sponsor application if needed (add 3–6 months).

The hybrid approach: Many companies use EOR while their entity is being set up, then transition employees across once the entity is operational. Dhi ADT supports this transition — we don't create lock-in. If you outgrow EOR and want to move to a direct entity, we help you do it cleanly.

What Shifts the Crossover Point

Factor	Shifts crossover earlier (entity sooner)	Shifts crossover later (EOR longer)
Average salary level	Higher salaries (EOR fee is fixed, so becomes smaller %)	Lower salaries (EOR fee is a larger % of total cost)
Visa sponsorship needs	No visa needs (entity is simpler)	International hires needing IND sponsorship (EOR with IND status much faster)
Compliance complexity	Simple, consistent workforce	Complex CAO, sick leave, contractor reclassification risk
Growth certainty	Stable, predictable headcount growth	Uncertain growth — EOR's flexibility has real value
Internal HR capability	Strong internal HR team familiar with Dutch law	No Dutch HR expertise in-house
Time pressure	Plenty of lead time for entity setup	Need someone employed in weeks, not months

Not sure which structure is right for your situation?

Book a 15-minute call with the Dhi ADT team. We'll look at your headcount, salary mix, timeline, and any visa or compliance requirements — and give you a straight answer on whether EOR, entity, or a hybrid approach makes most sense. No pitch. Just clarity.

Book a 15-minute clarity call → adtsolution.com/contact | Email: experts@adtsolution.com | Also available: [NL employer cost calculator](#)

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Cost figures are estimates based on 2026 market benchmarks. Exact costs depend on salary, CAO, and complexity. Not legal or tax advice.