

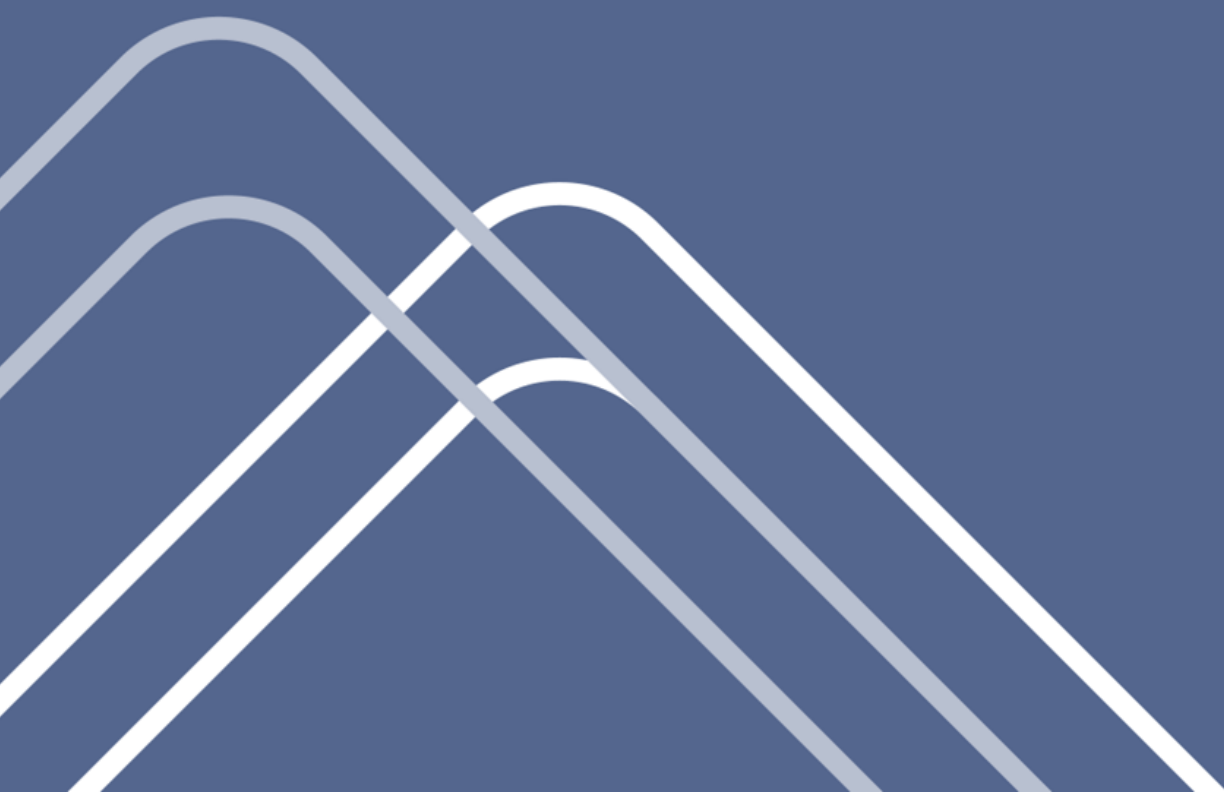


DOING BUSINESS IN Poland



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INTRODUCTION

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in around 100 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Poland has been provided by the office of UHY representatives:

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Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at March 2025.

We look forward to helping you do business in Poland.

BUSINESS ENVIRONMENT

BACKGROUND

Poland is a parliamentary republic. The supreme law of Poland is the constitution, passed on 2 April 1997 and ratified by a national referendum. The governmental system of Poland is based on the separation of powers and a balance between the legislature, executive and judiciary systems.

Poland's economic development over the past decades can be described as dynamic and full of challenges, spanning several key stages:

Transformation after 1989

After the collapse of communism, Poland began the transition from a centrally planned economy to a market economy. In 1989, the so-called "shock therapy" was implemented – a series of reforms aimed at macroeconomic stabilization, privatization of state-owned enterprises, deregulation, and opening the economy to foreign markets.

Integration with the EU (2004)

Poland's accession to the European Union was a turning point in its development. It gained access to the common market and started receiving structural funds that supported the development of infrastructure, innovation, and the public sector. Joining the EU also boosted Polish exports and foreign investments.

GDP growth and macroeconomic stabilization

Poland experienced strong economic growth, particularly between 2000 and 2010, when it was one of the few countries in Europe that avoided recession during the global financial crisis of 2008. The Polish economy became more stable, and its openness to international trade contributed to further growth.

Infrastructure and services sector

In the last two decades, Poland's infrastructure, such as highways, express roads, airports, and railways, has significantly improved. Additionally, the services sector, especially in IT, finance, and business, has developed. Poland has become an attractive destination for foreign investments, particularly in industries like technology, outsourcing, automotive, and electronics.

Industrial sector and innovation

While Poland remains one of the major industrial producers in Europe, in recent years, there has been a greater emphasis on innovation and the technology sector. Cities such as Warsaw, Kraków, and Wrocław have become centers for research and development and technology startups.

Structural issues and challenges

Despite its successes, Poland also faces challenges, including income inequality, an aging population, skills gaps in certain industries, dependence on coal for energy, and the need for modernization of the education and healthcare systems.

COVID-19 pandemic and its impact

The crisis caused by the COVID-19 pandemic also affected the Polish economy. Although Poland managed relatively well compared to some other countries, the pandemic led to a recession in 2020, changing certain structural aspects of the economy, such as accelerating digitization.

Summary

Poland's economic development over the last 30 years is a story of success resulting from openness to the world, EU integration, strong GDP growth, and infrastructure modernization. At the same time, Poland faces challenges that require further reforms, especially in the areas of innovation, education, and sustainable development.

Since 1989, Poland has implemented a package of economic reforms which have laid solid foundations for the economy. After the introduction of successful reforms, Poland has become the Central European leader in attracting foreign direct investment.

Poland's macroeconomic stabilisation and rapid economic development have turned the country into one of the most desired target locations for investors.

Poland's successful political and economic transformation has found international recognition, as evidenced by its accession to the Organisation for Economic Cooperation and Development (OECD) in 1996, the North Atlantic Treaty Organisation (NATO) in 1999 and the European Union (EU) in 2004.

Poland is a country with a developed, high-income economy and a high quality of life index. It is the 6th largest economy in the European Union in terms of nominal GDP. Among EU countries, Poland ranks high, approaching countries such as Spain and Italy, but still behind Germany, France, Italy, Spain and the Netherlands.

According to Eurostat data, Poland is one of the few European countries marking the strongest growth across CEE region. Further investments of EU funds and a stronger expansion in household spending were the main drivers of growth. Poland is recognized by the UN as a highly developed country due to the Human Development Index (HDI), which takes into account such factors as life expectancy, the average length of education completed by 25-year-olds and the expected duration of education of children at school age, as well as GDP per capita when measured with purchasing power parity.

The Polish economy is a mixed economy. The state sector currently generates about 25% of GDP (the State Treasury controls, among others, companies such as PKP, KGHM, PKN Orlen, PGNiG and PZU) and this is a level comparable to countries such as France or Norway.

POPULATION

Population: 37,6 mln

Population density: 120,36 /km²

GEOGRAPHY

Poland ranks 9th in Europe in terms of area and 8th in terms of population. In the world, Poland ranks 70th in terms of area and 35th in terms of population. The length of Poland's borders is 3,511 km, including 440 km of maritime border (the Baltic Sea coastline, which is not the state border, is 770 km). The country's area also includes the territorial sea, and Poland has special rights in the so-called contiguous zone.

It borders the following countries:

from the west: Germany (467 km)

from the south: Czech Republic (796 km), Slovakia (541 km)

from the east: Ukraine (535 km), Belarus (418 km)

from the north: Lithuania (104 km), Russia (with the Königsberg Oblast, 210 km).

CURRENCY

Currency: Polish Zloty (zł, PLN)

Currency exchange rates (2024 yearly average rates): 1 USD= 3,9799, 1 EUR= 4,6371

LANGUAGE

Polish

MAJOR EXPORTS

Poland exports the most to countries within the European Union, which are the primary destinations for Polish exports. In 2023, the largest recipients of Polish exports were:

Germany - Poland has strong trade ties with Germany, which is the largest importer of Polish goods, accounting for about 28-30% of Poland's total exports. Poland exports vehicles, machinery, electronics, and food products to Germany.

Czech Republic - The Czech Republic is another major recipient of Polish products, importing mainly machinery, equipment, as well as metal and chemical products.

United Kingdom - Despite Brexit, the UK remains one of Poland's key export markets, particularly for food products, machinery, furniture, and clothing.

France and Italy - Both countries also rank highly among Poland's trading partners. Poland exports food products, chemicals, machinery, and textiles to these countries.

Netherlands - The Netherlands is another important export market, especially for agricultural products, machinery, and electronics.

European Union countries dominate Poland's exports due to close economic ties and integration with the EU market. However, Poland is also increasing its investments in markets outside the EU, such as the United States and China.

MAJOR IMPORTS

Poland imports the most from European Union countries, which are the main suppliers of goods. In 2023, the largest suppliers to Poland were:

Germany – Germany is the largest source of imports to Poland, accounting for about 25-30% of total imports. Poland imports machinery, vehicles, electronics, chemicals, and chemical products from Germany.

China – China is one of the key suppliers, particularly of electronics, clothing, machinery, and household items.

Italy – Italy is a major supplier of machinery, equipment, as well as clothing and food products.

Netherlands – The Netherlands supplies Poland mainly with machinery, chemicals, and agricultural products.

European Union countries dominate Poland's imports, which results from geographical proximity and strong economic ties. However, Poland is also increasing its imports from markets outside the EU, including China and the United States, especially in the fields of electronics, raw materials, and technological products.

EDUCATION – PRIMARY AND SECONDARY

The education system in Poland is divided into several levels, with the primary and secondary stages being particularly important in the education of young people. Here is a brief description of both levels:

1. Primary Level (Primary School)

Primary school in Poland lasts for 8 years and is compulsory for children aged 7 to 16. It is the basic stage of education, ending with the so-called "8th-grade exam." The primary school is divided into two stages:

Stage I (grades 1-3) – In these grades, students learn basic subjects such as Polish language, mathematics, natural science, art, music, and physical education. Lessons are often taught by a single teacher.

Stage II (grades 4-8) – In this stage, students begin to have subject-specific teachers (e.g., mathematics, foreign language, history, chemistry). At the end of primary school, students take the 8th-grade exam, which tests their knowledge in Polish language, mathematics, and natural science (biology, chemistry, physics).

2. Secondary Level (Secondary School)

After completing primary school, students have the option to choose one of several educational paths at the secondary level:

General Secondary School (Liceum Ogólnokształcące) – It lasts for 4 years and prepares students for the "matura" exam, which is the final exam at the secondary school level. Liceum offers a wide range of general subjects, and students can choose advanced subjects (e.g., mathematics, biology, foreign languages). The matura exam opens the door to further education at higher education institutions.

Technical Secondary School (Technikum) – It also lasts 4 years, but in addition to the matura exam, students also acquire vocational qualifications in a chosen profession (e.g., IT technician, mechanic, administrative technician). After completing technikum, graduates can either work in their trained profession or continue their studies at higher education institutions.

Vocational School (Branżowa Szkoła I stopnia) – This is a vocational school that lasts 3 years. Students gain specific vocational skills in a chosen trade, and after finishing the school, they can take a vocational exam. After completing this school, there is an option to continue education in a "Branżowa Szkoła II stopnia" (2-year vocational school) and earn a technical qualification, as well as take the matura exam.

TERTIARY EDUCATION

The higher education system in Poland consists of various types of institutions that offer a wide range of educational programs. It includes both public and private universities. Here is a brief description of the Polish higher education system:

System Structure

In Poland, higher education is organized into two main types of institutions:

Public universities – The majority of universities in Poland are public, financed by the state budget. They offer a wide range of educational programs in various fields of science and arts. These include universities, technical universities, academies, and higher vocational schools.

Private universities – There are also many private universities in Poland, funded by individuals or private institutions. While private universities charge tuition fees, they offer diverse study programs, including bachelor's, master's, and postgraduate studies.

Levels of Education

The Polish higher education system is based on three main levels of education:

Bachelor's (first-cycle) studies – These last typically 3 years (6 semesters). Graduates obtain the title of "licencjat" (bachelor) or "inżynier" (engineer) depending on the field of study. These studies prepare students for professional work or serve as the first step toward continuing education at the second-cycle (master's) level.

Master's (second-cycle) studies – These last 2 years (4 semesters) and end with the award of the master's degree ("magister" or "inżynier"). These studies are available to those who have completed bachelor's studies. Master's programs allow for specialization in a particular field and prepare students for professional careers or doctoral studies.

Doctoral (third-cycle) studies – These typically last 3 to 4 years and lead to a doctoral degree. Doctorates are awarded after defending a doctoral dissertation, which is an original contribution to the development of science. Doctoral studies are designed for those wishing to work in research and academia.

Postgraduate Programs

Polish universities also offer postgraduate programs, which are aimed at individuals who have already completed higher education (e.g., bachelor's or master's degrees). Postgraduate studies typically last from several months to a year and provide specialized knowledge in a specific professional field.

Funding and Fees

Public universities – Education at public universities is free for Polish citizens and citizens of other EU countries (at the bachelor's and master's levels). However, there may be fees for doctoral studies and certain second-cycle programs. Students can apply for various scholarships, both social and academic.

Private universities – Studies at private universities are fee-based, and the cost of education can vary significantly depending on the institution and the program. Many private universities offer flexible study formats, such as part-time studies.

Accreditation and Quality of Education

Higher education institutions in Poland must obtain accreditation from the Polish Accreditation Committee (PKA), which assesses the quality of education in individual programs. Additionally, Polish universities are also part of the European quality assurance system, which ensures their international recognition.

International Mobility and Erasmus+ Programs

Poland's higher education institutions actively participate in international programs, including Erasmus+, which allows students to exchange between universities in different countries. As a result, students have the opportunity to study abroad and collaborate with universities and employers from other countries.

HEALTH CARE SYSTEM

The Polish healthcare system is based on a public health insurance system, primarily funded by the National Health Fund (NFZ), which provides access to medical services for all citizens. The system is based on mandatory health insurance contributions paid by working citizens, employers, and the state, which covers those who are not employed, such as children, pensioners, the unemployed, and students.

Access to Healthcare

Every citizen of Poland has the right to use public healthcare services, which include:

- **Primary healthcare (POZ)** – This includes visits to general practitioners (family doctors) and nurses. Under primary care, patients can receive referrals to specialists, undergo basic diagnostic tests, and access dental care.
- **Specialist healthcare** – Patients can be referred to specialists (e.g., cardiologists, dermatologists, orthopedists) for treatment of diseases requiring specialized knowledge.
- **Hospital care** – This includes treatment in hospitals, both for planned procedures and emergency cases. Hospitalization, surgeries, long-term treatment, and post-operative care are funded by the NFZ.
- **Rehabilitation and long-term care** – The NFZ covers rehabilitation services (e.g., post-injury) and care for chronically ill patients.

Private Healthcare

In addition to the public healthcare system, Poland has a well-developed private healthcare sector. Patients can use private clinics, hospitals, and medical practices, which are fee-based. Private healthcare offers shorter waiting times for specialist consultations and procedures, as well as higher comfort levels. Many people also opt for private health insurance, which covers part of the costs of treatment in private facilities.

Pharmaceutical Care

Pharmacies in Poland are available both publicly and privately. Doctors issue prescriptions, which can be filled at pharmacies. Some medications are reimbursed by the NFZ, meaning that patients pay only part of the price of the medicine. The costs of reimbursed medications depend on the category of reimbursement, and patients may pay varying amounts depending on the type of medication.

Emergency Services and Acute Cases Care

Poland has an extensive emergency services system, including the **112 emergency number**, which provides quick access to medical assistance in emergency situations such as accidents, injuries, or sudden illnesses.

COMMUNICATIONS

Communication technologies in Poland encompass various innovations that facilitate daily communication, data management, and access to information. The development of digitalization impacts how citizens access public services, communicate, and manage personal affairs.

Broadband Internet and 5G

Access to broadband internet is widespread in Poland, especially in urban areas. Fiber-optic and cable networks provide fast internet access, enabling the use of services such as streaming, e-learning, and telemedicine. Poland has begun implementing 5G technology, offering faster mobile internet and lower data transmission latency. 5G enables the development of new services, such as process automation, the Internet of Things (IoT), remote control, and applications based on augmented (AR) and virtual reality (VR).

Mobile Apps and Digital Platforms

E-gov: Poland is actively developing e-government, allowing citizens to handle administrative matters online. Platforms like ePUAP (electronic platform for public administration services) enable submitting applications, obtaining certificates, and communicating with public authorities, streamlining bureaucratic processes.

Mobile Banking: Banking apps have become one of the main tools for managing finances in Poland. Through these apps, citizens can make transfers, pay bills, invest, and access other financial services without leaving home.

Online Shopping: E-commerce platforms such as *Allegro*, *Amazon*, *Zalando*, and *eBay* have become an integral part of daily life in Poland. Thanks to the Internet, shopping has become fast, convenient, and accessible from anywhere.

Cloud Computing and Big Data

Cloud storage services such as Google Drive, Dropbox, and OneDrive are increasingly popular in Poland. These services allow secure storage of files, documents, photos, and other data, accessible from multiple devices and locations. The development of Big Data analytics plays a significant role in various industries, such as finance, healthcare, marketing, and manufacturing. For example, data is used in medical diagnostics, market analysis, and predicting consumer behavior.

Remote Education and E-learning

The remote education market in Poland is growing offering online learning opportunities. During the COVID-19 pandemic, many schools and universities transitioned to online classes, and technology now allows for remote education. Platforms offering online courses allow individuals to develop professional, technical, and personal skills from the comfort of their homes.

Social Media and Online Communication

Applications like *Facebook*, *Instagram*, *Twitter*, and *TikTok* are popular communication tools in Poland. Social media plays an essential role in social and professional life, enabling interaction with others and access to real-time information. Apps such as *WhatsApp*, *Messenger*, *Telegram*, and *Slack* enable fast communication through text messages, photos, videos, and video conferences. These tools have made communication in Poland more accessible and convenient.

Cybersecurity

The importance of data protection is growing in Poland, especially in the context of the General Data Protection Regulation (GDPR). Companies and public institutions must ensure the security of user data, leading to the development of technologies focused on privacy protection. Due to the increasing threat of cybercrime, Poles are increasingly using antivirus software and firewall systems. Technologies such as firewalls and security software are widely used to protect privacy and data security.

E-commerce and Online Payments

Technologies enabling payments via mobile phones, such as *BLIK*, *Apple Pay*, and *Google Pay*, are gaining popularity in Poland. These systems allow Poles to make payments for both online and offline purchases without using traditional credit cards or cash. Online stores offer a wide range of products, and fast delivery and return options make online shopping one of the most commonly used methods of purchasing goods in Poland.

BANKING AND FINANCIAL SERVICES

Banking system in Poland is well-developed, modern, and adapted to the expectations of both consumers and businesses. Poland has a strong financial sector, with a large number of domestic and foreign banks offering a wide range of services. The banking system in Poland is supervised by the Polish Financial Supervision Authority (KNF), while the National Bank of Poland (NBP) serves as the central bank responsible for monetary policy.

Types of Banks

Commercial Banks: Most banks in Poland are commercial institutions, both domestic and foreign. These banks offer a broad range of services, including personal accounts, loans, deposits, insurance, and investment services.

Cooperative Banks (Banki Spółdzielcze): These are smaller financial institutions that operate primarily in smaller towns. These banks aim to support local communities and agricultural businesses by offering products such as agricultural loans.

Investment Banks: These specialize in investment services, such as financial advisory, securities issuance, fund management, and capital investments.

Banking Services in Poland

Bank Accounts: Banks offer various personal and business accounts, including savings accounts, current accounts, and accounts for minors. Most banks provide online access to accounts and mobile apps that allow users to manage their finances through the internet.

Loans and Credits: Banks in Poland offer a wide range of credit products, such as mortgage loans (for purchasing property), consumer loans (for any purpose), car loans, cash loans, and online loans. Loan interest rates depend on bank policies and the interest rates set by the NBP.

Payment Cards: Banks offer various types of payment cards, including debit cards, credit cards, and prepaid cards. These cards allow users to make payments in stores, online, and withdraw cash from ATMs.

Deposit Accounts: Banks offer savings products such as term deposits, where clients can earn interest on the funds they deposit. Deposit terms and interest rates may vary, and banks often offer options for automatic renewal.

Insurance: Many banks collaborate with insurance companies and offer insurance products, such as life insurance, car insurance, health insurance, and travel insurance.

Investment Services: Banks in Poland also offer investment services, including investment funds, bonds, financial advisory, and the opportunity to invest in the stock market through brokerage accounts.

Mobile Payments: Poland is one of the leaders in Europe in terms of mobile payment development. With systems like BLIK, Apple Pay, Google Pay, and Samsung Pay, Poles can make payments in stores, online, and transfer money between themselves using their smartphones.

Online and Mobile Banking

Most Polish banks offer online banking, which enables clients to manage their finances, make transfers, open deposits, and repay loans without visiting a bank branch. Mobile apps available for Android and iOS systems provide full access to banking services via smartphones. They allow users to make payments, check balances, track expenses, and use other functions such as making transfers or setting up alerts.

Banking Innovations

Fintech and Innovative Services: The fintech sector is rapidly growing in Poland, offering new technologies in the financial sector. Fintech companies such as *Revolut*, *N26*, and *Tylko* offer online banking services, often without traditional bank branches, focusing on simplicity and low fees. Additionally, Polish banks are implementing innovative technologies such as artificial intelligence, blockchain, and biometric payment authorization methods.

Contactless Payments: In Poland, contactless payments via payment cards and smartphones have become very popular. Transactions without needing to enter a PIN for amounts up to 100 PLN (depending on the bank) are available at nearly every commercial and service point.

Banking Supervision and Regulations

Polish Financial Supervision Authority (KNF) is responsible for overseeing the financial market in Poland, including the banking sector. KNF ensures the stability of the financial system, enforces legal regulations, and protects customer interests.

National Bank of Poland (NBP) serves as the central bank, responsible for monetary policy, setting interest rates, and maintaining the stability of the national currency – the Polish zloty. The NBP also supervises the payment system and ensures the stability of the banking system in Poland.

TRANSPORTATION LINKS

Poland has a well-developed transportation infrastructure, which includes various forms of transport, such as roads, railways, air transport, and waterways. The transportation system in Poland connects the country's major cities and provides links to the rest of Europe as well as other regions of the world.

Road Transport

Poland has an extensive road network, including highways, expressways, and national and voivodeship roads. The major highways in Poland are:

A1 (connecting the north and south of the country, from Gdańsk to the Czech border),

A2 (connecting the west and east, from Świecko to Terespol),

A4 (connecting the eastern and western regions, from Wrocław to the Ukrainian border),

A8 (around the Wrocław agglomeration).

There are also numerous expressways linking smaller cities with larger metropolitan areas. Additionally, urban areas have a well-developed network of local roads and bypasses that help manage traffic flow.

Rail Transport

Poland has a well-developed railway network, which plays a crucial part in both domestic and international transportation. *PKP Intercity* and other carriers offer fast connections between major cities, as well as international links to neighboring countries such as Germany, Czech Republic, and Ukraine. Poland's rail system is constantly being modernized, including the construction of new high-speed railway lines, such as the Central Railway Line (CMK) and the Central Communication Port (CPK) project, which aims to create a high-speed rail network connecting the country's main cities.

Air Transport

Poland has several international airports, with the largest being *Chopin Airport* in Warsaw (Okęcie), which serves as the country's main hub for both domestic and international flights. Other important airports include *Kraków Balice*, *Gdańsk Lech Wałęsa*, *Wrocław Strachowice*, and *Poznań-Ławica*. *LOT Polish Airlines* offers connections to many cities worldwide and collaborates with other international carriers.

Water Transport

Poland also has a developed infrastructure for both inland and maritime transport. The seaports in Gdańsk, Gdynia, and Szczecin are key transportation hubs, particularly for exports and imports. The port in Gdańsk is one of the largest in the region. Poland also has a developed network of inland waterways on the Oder and Vistula rivers, which are used for the transport of goods, especially in the southern regions.

Public Transport

Polish cities have well-developed public transportation systems, including buses, trams, trolleybuses, and metro (in Warsaw). In cities like Kraków, Gdańsk, and Wrocław, the public transport system is well-organized and provides easy access to different parts of the cities and suburbs. Larger cities regularly invest in modernizing transportation infrastructure, including the construction of new metro, tram, and bus lines.

Cycling Infrastructure

In recent years, Poland has also been developing its cycling infrastructure. Many cities, such as Warsaw, Kraków, Wrocław, and Poznań, are investing in the construction of bike lanes and urban bike-sharing systems, promoting cycling as an eco-friendly mode of transport.

Investments and Future Outlook

Poland continues to invest in its transportation infrastructure. Future projects include new highways, expressways, high-speed railways, and airports. The Central Communication Port (CPK) project aims to build a transport hub integrating air, rail, and road transport, which will enhance mobility within the country and the region.

LAND AND BUILDING

In Poland, regulations regarding the purchase of land, real estate, and construction are outlined by civil, administrative, and specific regulations concerning environmental protection and spatial planning. Here are the key principles:

Purchase of Land and Real Estate

- **Polish Citizens:** Polish citizens can freely purchase land and real estate within the country.
- **Foreigners:** Foreigners can purchase land in Poland, but they are subject to certain restrictions. For the purchase of agricultural land, foreigners must obtain consent from the Ministry of the Internal Affairs and Administration. Additionally, the purchase of certain properties, such as agricultural land, may be prohibited, especially if the foreigner does not have permanent residence in Poland.
- **Pre-emption Right:** In Poland, there is a pre-emption right for the State Treasury and local governments, which may acquire properties under certain conditions.

Construction

- **Building Permit:** To begin construction, a building permit must be obtained from the appropriate public administration authority. This permit is required for the construction of new buildings as well as major renovations of existing ones.
- **Spatial Development Plan:** Poland has a system of spatial development plans that define what types of buildings are allowed in a given area. Before starting construction, it is necessary to check whether the project is in accordance with the local development plan.
- **Construction on Agricultural Land:** Building on agricultural land requires obtaining permission to change the land's designation. Furthermore, the sale of agricultural land is subject to restrictions depending on its size and intended use.
- **Environmental Protection Regulations:** Construction projects must also comply with environmental protection requirements, which may include an environmental impact assessment for larger projects.

HOLIDAYS IN POLAND

In Poland, the statutory public holidays are:

January 1st – New Year's Day
January 6th – Epiphany (Three Kings' Day)
Easter Sunday (date varies)
Easter Monday (date varies)
May 1st – Labour Day
May 3rd – Constitution Day
Pentecost (date varies)
Corpus Christi (date varies)
August 15th – Assumption of the Blessed Virgin Mary
November 1st – All Saints' Day
November 11th – Independence Day
December 25th – Christmas Day
December 26th – Boxing Day (Second Christmas Day)

It's worth noting that if a public holiday falls on a Saturday, the employer must give employee a day off in exchange.

USEFUL LINKS

Polish Chamber of Commerce: <https://kig.pl/#>

Export | Import | Investments- website by Ministry of Economic Development and Technology:

www.trade.gov.pl/en/

Tax Portal- website by Ministry of Finance: <https://www.podatki.gov.pl/en/>

Ministry of Finance: <https://www.gov.pl/web/finance>

Ministry of Foreign Affairs: <https://www.gov.pl/web/diplomacy>

National Court Register: <https://ekrs.ms.gov.pl/>

National Bank of Poland: <https://nbp.pl/en/>

Warsaw Stock Exchange: <https://www.gpw.pl/en-home>

<https://www.cia.gov/library/publications/resources/the-world-factbook/>

<http://data.worldbank.org/country/>

FOREIGN INVESTMENT

Incentives for investors in Poland

There are a number of key factors which make Poland especially favourable for investment.

Favourable factors include:

Market potential

Poland is huge domestic market with over 38 million consumers – moreover, has access to the EU Single Market of over 450 million consumers and 22.5 million small and medium-sized enterprises (SMEs).

Strategic location at the crossroads of European trade and transport routes

Poland is located in the very centre of Europe, makes the country a perfect investment destination because it is entry point to other Central and Eastern European (CEE) countries and emerging markets further east. The road infrastructure have been constantly developed and modernised. Development of the country's road infrastructure is one of the Polish government priorities.

According to *Tholons Global Innovation Index 2020*, four of the biggest Polish cities has been ranked among the best cities in the world (25th Kraków, 37th Warsaw) and their position in the ranking is constantly growing.

Young, well-educated workforce

Foreign investors are attracted to do business in Poland by the young and well educated workforce, competitive labour costs and the high number of graduates of higher education. Poland can boast a huge source of the young and well educated workforce and the high number of graduates of higher education, while labour costs is competitive in regard of Western Europe countries. Each year, over 300 000 Polish students graduate and in terms of foreign languages, particularly younger generation of Poles are ahead of their peers from many European countries - Poland has been ranked at 16th place globally in EF's Global English Proficiency Index. Higher technical schools are more and more popular in Poland, thanks mainly to growing awareness of future students about the market needs and public programs supporting this type of education. Indeed, the number of graduates of Polish technical schools is constantly growing.

Special Economic Zones

Polish SEZs were created in the 1990s and cover selected parts of country, where companies can operate on preferential terms and conditions. Only some of the investment incentives offered in the Polish SEZs are exemption from income tax and real property tax and availability of attractive commercial lands. It is worth to consider all the benefits of operating in the SEZs, particularly in the context of the Polish government's decision about extending their existence – for all 14 SEZs by 31 December 2026.

Shared Services Centres and Business Process Outsourcing (SSC/BPO)

The Shared Services Centres and Business Process Outsourcing (SSC/BPO) sector in Poland is gradually developing and changing - already there is over 1600 SSC/BPO in almost 50 locations, which employ over 355 thousand people in total. The most important for companies establishing and operating SSC is cost reduction by taking advantage of labour arbitrage in low labour-cost countries as well as by simplifying and standardizing their processes. Among the greatest strengths of Poland important for this sector are for sure: well-qualified staff (Polish SSCs provide services in more than 35 languages), competitive labour costs and high quality services. The whole list of potential benefits for SSC/BPO is long and includes also: exemption from the CIT and real estate tax, well-developed infrastructure and availability of office space with good access to airports or the European Union's grants. In recent years, the SSC/BPO industry has annual growth of 10%. In the year of COVID-19 pandemic employment in the sector continued to grow, by 13.5 thousand jobs, i.e. by 3.9 % year on year (compared to form 10% a year earlier). Slowdown in the employment growth dynamics is particularly evident in the centres owned by foreign investors for which they account for 82% of the total number of employees.

EU funds

EUR 105.8 billion of EU funds are allocated to Poland between 2014 and 2020. The EU funds were mostly spent for infrastructure, environmental and technology projects, human development, regional development. As agreed the EU budget - Multiannual Financial Framework and the European Instrument for Reconstruction for Poland amount to approximately EUR 139 billion in the form of subsidies and EUR 34 billion in loans for the year 2021-2027. The EU funds that Poland will receive are to help rebuild and strengthen the economy after the COVID-19 pandemic situation, as well as allow the implementation of EU goals.

Entrepreneurs conducting business in Poland have at their disposal a wide range of funding sources for investment projects of various types. Investors should contact [the Polish Information & Foreign Investment Agency](#) in order to receive detailed information on the support available.

Investment protection treaties

Poland has concluded investment protection treaties with many countries. These treaties stipulate that investments made by entrepreneurs from one contracting state will be treated fairly and on an equally favourable basis as domestic investors in the other contracting state.

SETTING UP A BUSINESS

GENERAL PROVISIONS OF CONDUCTING BUSINESS ACTIVITY IN POLAND

MAIN SOURCES OF LAW REGULATIONS

The main legal acts governing business activity in Poland are:

The Commercial Companies Code – which regulates creation, organization, functioning, dissolution, merger, division and transformation of commercial companies.

The Act on the National Court Register – which regulates in particular rules of conducting the register of entrepreneurs and principles of making an entry thereto.

The Civil Code - which regulates civil law relations between natural persons and legal persons.

The Entrepreneurs Act - which in general regulates establishment, conducting and closure of small businesses in Poland, as well as regulates relevant public administration activities.

The Act on Participation Rules of the Foreign Entrepreneurs and Other Foreign Persons in Economic Trade in Poland – which regulates rules of conducting business activity in Poland by foreigners.

The Accounting Act – which sets out accounting principles and principles of conducting business activity in Poland in the area of bookkeeping services.

FOREIGN PERSONS AND ENTREPRENEURS

The Act on Participation Rules of the Foreign Entrepreneurs and Other Foreign Persons in Economic Trade in Poland defines a foreign person as:

- a natural person permanently residing abroad, without the Polish citizenship
- a legal entity with a seat (registered office) abroad
- an organisational unit with a seat abroad, which is not a legal entity (does not have a legal personality) but has a legal capacity.

A foreign entrepreneur is a foreign person performing business activity abroad and a Polish citizen performing business activity abroad.

According to the current regulations of the Polish law, foreign persons from the EU member states and the European Free Trade Association member countries which belong to the European Economic Area may undertake and run businesses upon the same rules as Polish entrepreneurs. The same rules also apply to foreigners being the citizens of the countries other than the above mentioned, who fulfil additional conditions which should be checked on a particular case basis.

Other foreign persons than indicated above, have the right, unless international agreements state otherwise, to undertake and run business activities only in the following forms:

- joint stock companies
- simple joint stock companies
- limited liability companies
- limited joint-stock partnerships
- limited partnerships

This includes the right to acquire participation, the right to take part in partnerships and to purchase shares in limited liability or joint stock companies.

Furthermore, foreign entrepreneurs may run business activities in the form of branch offices and may also set up representative offices in Poland.

FORMS OF BUSINESS ACTIVITY IN POLAND

There are several forms which may be chosen by entrepreneurs to conduct business activity in Poland. It is possible to choose between conducting a business individually (as a sole entrepreneur) or engaging in a civil partnership or to choose (what is more common in Poland for foreign entrepreneurs) to conduct a business in the form of one of commercial companies. However, individual business activity of a natural person and civil partnerships are more suitable for Polish persons. Foreign entrepreneurs should choose one of the types of commercial companies for the purpose of conducting business activity in Poland.

COMMERCIAL COMPANIES

Under the Polish law there are the following commercial companies: a registered (general) partnership, a professional partnership, a limited partnership, a limited joint-stock partnership (which are partnerships), a limited liability company, a simple joint-stock company and a joint-stock company (which are capital companies). However, in this guide we would like to emphasise those most common for foreign entrepreneurs doing business in Poland. The most popular and regularly chosen by foreign investors is the limited liability company, which is a great vehicle to start activity in Poland (either through establishing a new company or using it as a SPV for acquisitions). The less popular companies are the joint-stock company, the limited partnership and the limited joint-stock partnership.

Limited Liability Company (Spółka z ograniczoną odpowiedzialnością)

Purpose

Established to conduct a business or for any other purpose allowed by law.

Founders

Both natural persons and legal entities may be founders. A limited liability company may be established by one or more persons. However, it may not be established solely by another single-member limited liability company.

Minimum capital

PLN 5,000 (contribution in cash or in-kind). The nominal value of a share may not be lower than PLN 50. All contributions shall be made by all shareholders in full prior to registration of the limited liability company.

Company in organization

Upon the conclusion of articles of association, the limited liability company in organisation is created. The limited liability company in organisation may acquire rights in its own name, incur obligations, sue and be sued.

Legal personality

The limited liability company is a legal entity. It is created and acquires legal personality on the day of its registration in the register of entrepreneurs.

Company's liability

The limited liability company is liable for its own debts and obligations with the whole of its assets.

Shareholders' liability

Shareholders are not liable for the limited liability company's debts and obligations.

Taxation

The limited liability company is subject to the corporate income tax (the obligation to submit CIT declarations) and, as a rule, to the value added tax as a VAT payer (the obligation to submit VAT declarations).

Establishment process

In general, the articles of association or the founding deed must be executed in the form of a notarial deed before a notary public in Poland. The limited liability company must be registered with the register of entrepreneurs of the National Court Register (Krajowy Rejestr Sądowy – KRS).

Management Board

It may consist of foreign persons. The number of members and representation rules must be described in the articles of association.

Supervisory Board

It is not obligatory to establish the Supervisory Board in the limited liability company, unless the number of shareholders exceeds 25 and the share capital exceeds PLN 500,000,- (instead of the Supervisory Board a Revision Committee can be established).

Foreign investors

No special requirements for foreign investors.

Joint-Stock Company (Spółka Akcyjna)

Purpose

Established to conduct a business on a large scale. Capital is obtained through issuance of shares.

Founders

A joint-stock company may be established by one or more natural persons or legal entities. However, it may not be established solely by a single-member limited liability company. The statutes of the joint-stock company shall be executed in the form of a notarial deed.

Minimum capital

PLN 100,000 (contribution in cash or in-kind). If shares are subscribed only for in-kind contributions or for in-kind contributions and cash contributions, the share capital shall be paid prior to registration of the joint-stock company to the extent of at least one fourth of its minimal amount required by law (PLN 100,000).

Company in organization

At the moment of formation of the joint stock company (which is the moment, when all of its shares are subscribed for) the joint stock company in organisation is created. The joint stock company in organisation is not a legal person, but may acquire rights in their own name, incur obligations, sue and be sued.

Legal personality

The joint-stock company is a legal entity. It is created and acquires legal personality on the day of its registration in the register of entrepreneurs.

Company's liability

The joint-stock company is liable for its debts and obligations with the whole of its assets.

Shareholders' liability

Shareholders are not liable for the joint-stock company's debts and obligations.

Taxation

The joint-stock company is subject to the corporate income tax (the obligation to submit CIT declarations) and, as a rule, to the value added tax as a VAT payer (the obligation to submit VAT declarations).

Establishment process

The joint-stock company is established in a similar manner as the limited liability company.

Management Board

It may consist of foreign persons. The number of members and representation rules must be described in the company's statutes.

Supervisory Board

It is obligatory to establish the Supervisory Board in the joint-stock company. The Supervisory Board must consist of at least 3 members (or 5 members in publicly listed companies). The term of office of a member of the Supervisory Board may last no longer than 5 years

Foreign investors

No special requirements for foreign investors.

Limited Joint-Stock Partnership (Spółka Komandytowo-Akcyjna)

Purpose

Established to conduct a business activity under its own business name.

Founders

A limited joint-stock partnership must be established by at least two partners (at least one general partner and at least one shareholder).

Minimum capital

PLN 50,000

Legal personality

The limited joint-stock partnership is not a legal entity but the Commercial Companies Code has granted it with legal capacity so it may acquire rights in its own name, incur obligations, sue and be sued.

Liability

The general partner is liable without limitation to creditors for debts and obligations of the limited joint-stock partnership. The shareholder is not liable for debts and obligations of the limited joint-stock partnership.

Taxation

The limited joint-stock partnership is subject to the corporate income tax (the obligation to submit CIT declarations) and, as a rule, to the value added tax as a VAT payer (the obligation to submit VAT declarations). Each partner also pays taxes separately: the personal income tax in case the partner is a natural person (the obligation to submit PIT declarations), or the corporate income tax in case the partner is a legal entity (the obligation to submit CIT declarations).

Establishment process

The statutes of the limited joint-stock partnership should be executed in the form of a notarial deed before a notary public in Poland and signed by at least all general partners. The limited joint-stock partnership must be registered with the register of entrepreneurs of the National Court Register (Krajowy Rejestr Sądowy - KRS) and is created on the day of its registration therein.

Supervisory Board

It is possible to establish the Supervisory Board in the limited joint-stock partnership. However, if the number of shareholders exceeds 25, establishing the Supervisory Board is compulsory.

Foreign investors

No special requirements for foreign investors.

Limited Partnership (Spółka Komandytowa)

Purpose

Established to conduct a business activity under its own business name.

Founders

A limited partnership must be established by at least two partners (at least one general partner and at least one limited partner).

Minimum capital

Not applicable

Legal personality

The limited partnership is not a legal person but the Commercial Companies Code has granted it with legal capacity and so may acquire rights in its own name, incur obligations, sue and be sued.

Partner's liability

The general partner is liable without limitation for debts and obligations of the limited partnership. The liability of the limited partner for obligations of the limited partnership is limited to the amount of the commendam sum. The creditor of the limited partnership is allowed to conduct execution from the assets of the general partner only if execution from the assets of the limited partnership turns out to be ineffective (subsidiary liability of the general partner).

Taxation

The limited partnership is, as a rule, a VAT payer. Starting from 2021, limited partnerships are classified as CIT payers. As a result, the income of the limited partnership itself is taxed with the corporate income tax (9% or 19% CIT), while the income of the partners - as the income resulting from their participation in the profits of the limited partnership - is taxed with the personal income tax. This means that in fact limited partnerships are taxed at two stages - once with CIT and then with PIT.

Establishment process

The articles of association of the limited partnership should be executed in the form of a notarial deed before a notary public in Poland. The limited partnership must be registered with the register of entrepreneurs of the National Court Register (Krajowy Rejestr Sądowy - KRS) and is created on the day of its registration therein. There is no stage of the company in organisation.

Foreign investors

No special requirements for foreign investors.

Simple Joint-Stock Company (Prosta Spółka Akcyjna)

From March 1, 2021 entrepreneurs who want to quickly set up a company and start operating on the Polish market have a possibility to exercise a new type of a company in Poland - a **simple joint-stock company**. This new company may be in particular attractive for a "start-up" understood as an innovative company looking for an optimal, profitable business model and characterised by creation and implementation of new products which often improve the operation of already used solutions.

Purpose

Established to conduct a business or for any other purpose allowed by law.

Founders

Both natural persons and legal entities may be founders. A simple joint-stock company may be established by one or more persons / entities. However, it may not be established solely by another single-member limited liability company.

Minimum capital

PLN 1 (contribution in cash or in-kind). The in-kind contribution may be any contribution having a financial value, in particular provision of work or services. All contributions shall be made by all shareholders in full within three years from the day of registration of the simple joint-stock company.

Company in organisation

Upon the conclusion of articles of association, the simple joint-stock company in organisation is created. The simple joint-stock company in organisation may acquire rights in its own name, incur obligations, sue and be sued.

Legal personality

A simple joint-stock company is a legal entity. It is created and acquires legal personality on the day of its registration in the register of entrepreneurs.

Company's liability

The simple joint-stock company is liable for its debts and obligations with the whole of its assets.

Shareholders' liability

Shareholders are not liable for the simple joint-stock company's debts and obligations.

Taxation

The simple joint-stock company is a CIT payer and in general (depending on the type of a business activity), it might also be a VAT payer.

Establishment process

The articles of association of the simple joint-stock company shall be executed in the form of a notarial deed before a notary public in Poland. The articles of association of the simple joint-stock company may also be executed with the use of a standard template if the contributions are to be made only in cash, not in-kind. The simple joint-stock company must be registered with the register of entrepreneurs of the National Court Register (Krajowy Rejestr Sądowy – KRS) and is created on the day of its registration therein.

Management Board or Board of Directors

In the simple joint-stock company the Management Board or the Board of Directors is established. Only natural persons, including foreign persons, can be members of these bodies. The number of members and representation rules must be described in the articles of association.

Supervisory Board

The articles of association may stipulate that it is necessary to establish the Supervisory Board. In such a situation, the Supervisory Board shall consist of at least three members who are appointed and dismissed by a resolution of the shareholders.

Foreign investors

No special requirements for foreign investors.

In addition to the above, commercial companies are registered with the Central Statistical Office of Poland and obtain an individual number in the National Official Register of Entities of National Economy (REGON). They also obtain an individual tax identification number (NIP). Some additional information concerning business activity of the commercial companies must be provided to the tax authorities with the use of an official form NIP-8.

Each company must have a registered seat (and address) in Poland and as well as a bank account in the Polish bank.

The articles of association of the registered partnership, the limited partnership, the limited liability company and the simple-joint stock company may be executed with use of the standard template of the articles of association (in such a situation, registration is carried out with the use of special forms available on the website of the Ministry of Justice; only cash contributions are allowed and they must be paid within 7 days from the day of registration of the company / partnership). However, due to difficulties with signing the forms electronically and small flexibility as to forming the articles of association, this option is not recommendable to foreign investors.

SPECIAL FORMS FOR FOREIGN ENTREPRENEURS

Representative office

Foreign entrepreneurs may set up a representative office in Poland. The representative office operates in Poland for and on behalf of the foreign entrepreneur and is a part of the organisational and functional structure of its business.

The scope of activity of the representative office may include only activities in the field of advertising and promotion of the foreign entrepreneur. The representative office must be entered into the register of representative offices of foreign entrepreneurs maintained by the Minister of Development and Technology as the minister competent for the economy.

An entry into the register of representative offices of foreign entrepreneurs is made for the period of two years pursuant to a submitted application and in accordance with its content.

Branch office

Foreign entrepreneurs may set up a representative office in Poland. The representative office operates in Poland for and on behalf of the foreign entrepreneur and is a part of the organisational and functional structure of its business. Foreign entrepreneurs from the EU member states may set up a branch office in Poland to conduct a business activity. Other foreign entrepreneurs may set up a branch office in Poland on the basis of the principle of reciprocity, provided that international agreements ratified by Poland do not stipulate otherwise.

The scope of the business activity of the branch office cannot be broader than the scope of the business activity of the foreign entrepreneur.

The branch office can start the business activity on the day of its registration in the register of entrepreneurs of the National Court Register (Krajowy Rejestr Sądowy - KRS).

Accounts can be kept in accordance with requirements applicable in the country of residence of the foreign entrepreneur. The Polish law requires that the branch office should maintain separate accounts in accordance with the provisions of the Accounting Act.

COST OF COMPANY FORMATION

Costs of establishing a business in Poland

Application for registration of an entity in the register of entrepreneurs

- PLN 500
- PLN 250 in case the articles of association of the registered partnership, the limited partnership, the limited liability company or the simple joint-stock company were executed with the use of the special forms via a special registration system available on the website of the Ministry of Justice

Application for changing data of the entity in the register of entrepreneurs

- PLN 250
- PLN 200 in case the amendment of the articles of association of the registered partnership, the limited partnership, the limited liability company and the simple joint-stock company, was made with the use of the special forms via the special registration system available on the website of the Ministry of Justice

Publication of an announcement about the entry (concerning registration or change of data) into the register of the entrepreneurs in the Court and Business Gazette (Monitor Sądowy i Gospodarczy - MSiG)

- PLN 100

Registration of a representative office in the register of representative offices of foreign entrepreneurs

- PLN 1,000

Notarial fee charged for executing the articles of association, the statutes or the founding deed, calculated as a percentage of the share capital

- Up to 3,000 – PLN 100
- Over 3,000 to 10,000: PLN 100 + 3% of the amount over 3,000
- Over 10,000 to 30,000: PLN 310 + 2% of the amount over 10,000
- Over 30,000 to 60,000: PLN 710 + 1% of the amount over 30,000
- Over 60,000 to 1,000,000: PLN 1,010 + 0.4% of the amount over 60,000
- Over 1,000,000 to 2,000,000: PLN 4,770 + 0.2% of the amount over 1,000,000
- Over PLN 2,000,000: PLN 6,770 + 0.25% of the amount over 2,000,000 but no more than PLN 10,000

Tax on goods and services (VAT) imposed on notarial services

- 23%

Tax on civil law transactions (CTT)

- 0.5% of share capital minus costs of founding deed

According to the amendment of the Commercial Companies Code, from 1 March 2021 shares are mandatory dematerialized and must be registered in the Register of Shareholders maintained e.g. by a brokerage house or a trust bank or in the depository of securities maintained by the National Depository for Securities.

Private joint-stock companies and limited joint-stock partnerships were obliged to select and conclude an agreement with the entity maintaining the Register of Shareholders by 30 September 2020. The selection of the entity maintaining the Register of Shareholders required a prior resolution of the General Meeting of shareholders / partners. Now the same obligation applies also to the simple joint-stock company (available as of 1 March 2021). The estimated cost of maintaining the Register of Shareholders ranges from PLN 100 to PLN 500 per month.

LABOUR

Employment

The Labour Code is the key legal act regulating relations between employers and employees and sets out the conditions under which work can be carried out in Poland.

CONTRACTS

Types of contracts of employment:

Employment contract for a trial period

A trial contract shall be concluded for a period not exceeding:

- 1 month if you intend to conclude a fixed-term employment contract of less than 6 months;
- 2 months if you intend to conclude a fixed-term employment contract of at least 6 months and less than 12 months;
- 3 months if you intend to conclude a fixed-term employment contract of at least 12 months.

Employment contract for a definite period

Total employment period between the same parties on the basis of employment contracts for a definite period shall not exceed 33 months, and after their expiration the employment contract for an indefinite period (exception is a situation when the employer shows objective reasons being on its side and notifies such a longer contract to the State Labour Inspectorate); number of contracts for a definite period may not be higher than three - the fourth one shall be transformed into the employment contract for an indefinite period providing temporary cover for an employee – in the event of an employee's justified absence from work, the employer can hire another worker under a fixed-term employment contract for the period of absence.

Employment contract for the period of absence: is concluded for a time of substitution of another employee during his or her absence.

Employment contract for an indefinite period

Employment contract must have a written form and should be signed not later than on the date of commencing employment. Provisions of the Labour Code determine elements which must be included in the employment contract and an extent of information which the employee shall pass to the employer in the written form.

The employment contract specifies the elements of the contract, the type of contract, the date of its conclusion as well as the working and payment conditions, in particular:

- type of work,
- place of work,
- remuneration for work corresponding to the type of work, with indication of the components of the remuneration,
- working hours,
- date of the commencement of work.

Employment contract may be terminated:

- by a mutual consent of the parties,
- by a declaration of one of the parties with observance of the notice period (employment contract termination with observance of the notice period),
- by a declaration of one of the parties without observance of the notice period (employment contract termination without observance of the notice period),
- by expiration of time for which the contract was concluded.

Notice periods amount to:

- for employment contracts for a trial period:
 - 3 working days if the trial period does not exceed 2 weeks,
 - 1 week if the trial period is longer than 2 weeks,
 - 2 weeks if the trial period is longer than 3 months;
- for employment contracts for a definite period or an indefinite period:
 - 2 weeks in the event of employing by a given employer for a period shorter than 6 months,
 - 1 month in the event of employing by a given employer for at least 6 months,
 - 3 months in the event of employing by a given employer for at least 3 years.

WORKING HOURS

- basic working time system where daily working time is 8 hours,
- equivalent working time where daily working time may be generally prolonged up to 12 hours, and for defined types of work - even up to 16 or 24 hours,
- working time system in the case of continuous operation work where prolongation of working time up to 43 hours per week on average in a billing period not exceeding 4 weeks is acceptable, and one day in some weeks in this period a daily working time may be prolonged up to 12 hours,
- interrupted working time system where working time schedule may foresee one break during a day, lasting not longer than 5 hours,
- working time system determined by tasks to be performed where above all the employee decides on working time schedule,
- shortened working week system where the work is being performed for less than 5 days a week,
- weekend working time system where work is being performed only on Fridays, Saturdays, Sundays and Holidays.

OVERTIME

The permissible number of overtime hours per employee is 150 per year. In the work regulations / employment contract you can increase the limit of overtime to a maximum of 416 overtime.

HOLIDAYS

All employees owe a right to paid annual vacation leave in amount of 20 (if the employee has been employed for less than 10 years) or 26 (if the employee has been employed for at least 10 years) working days per year. Leave may be used partially but at least one part should include 14 calendar days.

OTHER FREE DAYS FOR EMPLOYEES:

Childcare

An employee bringing up at least one child up to 14 years of age is entitled to a 16-hour or 2-day leave from work during the calendar year, while maintaining the right to remuneration.

Occasional leave

Occasional leave is granted to an employee in relation to family situations:

- 2 days off - in the event of the employee's marriage or the birth of his child, or death and funeral of the employee's spouse or child, father, mother, stepfather or stepmother;
- 1 day off - in the event of the employee's child's wedding or death and funeral of his sister, brother, mother-in-law, father-in-law, grandmother, grandfather, as well as another person dependent on or under the direct care of the employee.

Free care leave of up to 5 days per calendar year.

It is granted to provide personal care or support to a person who is a member of the family or living in the same household and who requires care or support for serious medical reasons. You can't take care leave for yourself.

Leave from work due to force majeure: an employee is entitled to 2 days (or 16 hours) of leave per calendar year with the right to 50% of the salary.

Training leave - due to raising professional qualifications on the initiative or with the consent of the employer, the employee is entitled to training leave:

- 6 days if the employee takes the extramural examinations, the matriculation examination or the examination confirming professional qualifications,
- 21 days in the last year of studies for the preparation of the diploma thesis as well as preparation and taking the diploma exam.

Carer's allowance - is granted for a period of release from work due to the need for personal care, but no longer than for the period of:

- 60 days in a calendar year, if the care is provided for children healthy until the age of 8, sick until the age of 14.
- 30 days in a calendar year, if the care is exercised over children holding a disability certificate or a disability certificate, together with the indications: the need for permanent or long-term care or assistance of another person due to the significantly limited possibility of independent existence and the need for permanent participation in every day the child's guardian in the process of his treatment, rehabilitation and education.
- 14 days in a calendar year if the care is exercised over other family members, children over 14 years old.

EXCEPTIONS UNDER CIVIL LAW CONTRACTS

Employment on the base of the civil-law contracts. Such employees do not acquire employment rights, and are not subjected to the Labour Code regulations:

- specified task contracts
- mandate contracts
- enterprise contracts

REMUNERATION

Minimum gross remuneration is PLN 4,666.00 since 1st January 2025.

Currently the minimum order per hour for the contract is PLN 30.50.

INSURANCE SYSTEM

Social Security Insurance

The social insurance is mandatory and includes: **retirement, pension, and accident and sickness premium.**

Retirement and pension insurance are paid up to gross remuneration limit amount: PLN 260.190,00 (in 2025).

Labour Fund and Employees' Guaranteed Benefits Fund constitute the employer's expense. They do not have any influence on the remunerations obtained by the employee.

Mandatory social security (Zakład Ubezpieczeń Społecznych – ZUS) contributions are payable on a monthly basis. The contribution amounts payable by an employer and an employee to each kind of insurance are shown in table 2 below.

The employer is also obliged to pay a premium to the **State Fund for the Disabled** (Państwowy Fundusz Rehabilitacji Osób Niepełnosprawnych – PFRON). The duty to pay the premium to this fund and the amount of premium depend on the number of people employed, their average remuneration and the total number of disabled employees.

SOCIAL SECURITY CONTRIBUTIONS PAID BY EMPLOYER AND EMPLOYEE

TYPE OF INSURANCE	% PREMIUM	EMPLOYER SHARE	EMPLOYEE SHARE
Retirement	19.52% of remuneration	9.76%	9.76%
Disability	8% of remuneration	6.5%	1.5%
Accident	1.67% of remuneration if employer has up to 9 employees; over this number, the contribution rate depends on the nature of the employer's activities and results from the table announced by ZUS, or is determined by ZUS	1.67%	-
Sickness	2.45% of remuneration	-	2.45%
Labour Fund	2.45% of remuneration	2.45%	-
Guaranteed Employee Benefit Fund	0.1% of remuneration	0.1%	-

INFORMATION ON THE EMPLOYEE CAPITAL PLAN (PPK)

On January 1, 2021, the last stage of the implementation of employee capital plans (PPK) began. At this stage, the obligation to create a PPK applies to entities employing less than 20 people (as at December 31, 2019) and public finance sector units.

Employee Capital Plans (PPK) are a voluntary long-term savings programme, created and co-financed by employees, employers and the State.

The PPK's private and personal accounts are credited with employee and employer contributions, as well as a welcome payment and annual surcharges from the State.

The payments of the employee and the employing entity is calculated as a percentage of the employee's remuneration. An employee may at any time resign from saving in this program, as well as return to it.

The employer is obliged to pay 1.5% of the contribution on the employee's gross remuneration, and the employee 2%.

Moreover, to be considered is that:

- an employed person, who is the PPK participant, should - within 7 days, after the lapse of 10 days of the month following the month in which the 3-month period of employment expires - submit to the employing entity a statement on agreements concluded on its behalf to run the PPK. The statement should identify the financial institutions, with whom these agreements were concluded;
- a person employed, who has reached the age of 55 and has not yet reached the age of 70, should submit an application to the employing entity to conclude an agreement to run the PPK for and on his/her behalf to become the PPK participant;
- the PPK participant, in addition to the obligatory basic payment, may declare an additional payment to the PPK of up to 2% of his/her remuneration;
- the PPK participant whose remuneration obtained from various sources in a given month does not exceed an amount corresponding to 1.2 times the minimum remuneration, may submit to the employing entity a declaration of reduction of the basic payment to the PPK. The reduced basic payment may be less than 2% but not less than 0.5% of his/her remuneration.

TAXATION

Since the early 1990s, the Polish tax system has been gradually reformed, with the intention of encouraging investment in Poland and also creating jobs.

Tax system reforms have been supported by the process of the adaptation of and harmonisation of Polish law with EU law.

The Polish tax system consists of the following taxes:

- direct:
 - Corporate income tax (CIT)
 - Personal income tax (PIT)
 - Real estate tax
 - Tax on civil law transactions (PCC)
 - Transportation tax
 - Inheritance and donation tax
 - Agricultural tax
 - Forest tax
 - Tonnage tax
 - Tax on extraction of certain minerals
- indirect:
 - Tax on goods and services (VAT)
 - Excise duty
 - Gambling tax

TAX RATES IN POLAND

TAX	RATE/CHARACTERISTICS
Corporate income tax (CIT)	19% or 9%
Personal income tax (PIT)	Progressive scale – 12%, 32%; flat tax rate – 19%, Solidarity tax- 4%
Tax on goods and services (VAT)	Basic rate – 23%; reduced rates – 8% or 5%; export and intra-community supply rate – 0% If the annual turnover is less than PLN 200,000, then the business is exempt from paying VAT
Excise tax (<i>akcyza</i>)	Calculated either as a percentage of the value of goods or on a quantitative basis (fixed rate per unit) Imposed on the following goods, among others: cars, fuels, energy, alcohol, tobacco products, firearms, perfumes and cosmetics
Real estate tax (<i>podatek od nieruchomości</i>)	Rates established by commune councils (<i>rada gminy</i>) Rates differ depending on type, location and use of the real estate
Transportation tax (<i>podatek od środków transportu</i>)	Rates established by commune councils Rates differ depending on the type of transport. Imposed on trucks and buses

Tax on civil law transactions (<i>podatek od czynności cywilnoprawnych</i> – PCC)	Payable on certain civil law transactions e.g. purchase contracts, mortgage institution, company deeds Rates differ depending on the type of transaction
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CORPORATE INCOME TAX (CIT)

TAX RATES

The corporate income tax rate is set at 19% of the tax base or (9% for small taxpayers and the taxpayers who start their business activity in the year they started). The tax is a flat rate tax and does not depend on the amount of the tax base. In some cases the CIT Act provides for other tax rates.

A 19% tax rate is also applicable to incomes from dividends and other incomes (revenues) from participation in profits of legal persons with their seat in Poland.

For taxpayers with unlimited tax liability in an EU member state, an exemption is provided from the withholding tax on dividends paid out by Polish companies (a participation exemption). The application of this exemption is possible if the foreign shareholder holds or will hold a minimum 10% of shares in the Polish company during a period of at least two years.

In cases where dividends are gained from abroad, Polish tax provisions provide for two exemption methods:

- A participation exemption – relating to income generated in an EU member state, another EEA member state and Switzerland
- An underlying tax credit – applying to states other than EU members, EEA members and Switzerland with which Poland has a valid double tax treaty.

A participation exemption is applied if the Polish company has held at least 10% capital participation in the foreign subsidiary for an uninterrupted period of at least two years. However, the required minimum participation of a Polish parent company in a Swiss company is 25%.

The tax paid by a foreign company on the share of its profits from which a dividend was paid, can be credited, up to a limit, against income tax payable by the Polish parent company in Poland (an underlying tax credit). To apply the underlying tax credit, the Polish recipient shall hold at least 75% of the capital in the company paying dividends. Notwithstanding the above, the Polish recipient of dividends from abroad can also – up to a limit – credit the withholding tax paid abroad against tax payable in Poland.

As of 1 July 2013, under certain conditions, a total exemption from withholding tax will also refer to interest and royalties transferred from Poland to related companies from the EU.

As of 1 January 2019, innovation (IP) box is introduced with preferential 5% PIT or CIT rate for revenues from intellectual property rights. This is a preference for innovation activities.

As of 1 January 2021, a new way of taxing companies in Poland became effective - a lump-sum on income of capital companies (called Estonian CIT - a solution modelled on the Estonian tax system). The most important element of this type of taxation is the moment when the tax liability arises and the basis for this taxation. Collection of income tax takes place when profits (dividends) are distributed by the company. The flat rate on income of limited liability companies is 10% for so-called 'small entrepreneurs' and taxpayers who launch a business activity and 20% for others.

As of 1 January 2024, the so-called minimum corporate income tax, statutorily known as the company tax, has been introduced. The tax applies to companies that have either incurred a loss from a source of income other than capital gains or have a share of income from a source of income other than capital gains, in income other than capital gains, of no more than 2%. The minimum income tax rate is 10% on the tax base.

As of January 1, 2025, the Qualified Domestic Minimum Top-up Tax – QDMTT is a new form of taxation aimed at ensuring that the income of entities within both international and domestic groups is subject to at least a minimum level of taxation. This measure addresses tax optimization challenges and profit shifting to low-tax jurisdictions, aligning with global efforts to promote fair corporate taxation. If a company's effective tax rate in Poland falls below 15%, the domestic top-up tax is designed to cover the difference, ensuring compliance with the global minimum tax framework.

ENTITIES SUBJECT TO TAXATION

Entities liable to pay CIT include:

- Legal persons (e.g. limited liability companies, joint-stock companies, foundations, co-operatives)
- Capital companies in organisation (created after signing a formation deed, but before registration into the court register)
- Organization units without legal personality with an exception of companies without legal personality
- Companies without legal personality but which have registered office or board in another country if according to regulations of the tax law of that country they are treated like legal persons and liable to taxes in that country on worldwide income
- Tax capital groups

OBJECTS OF TAXATION

From January 1, 2018 corporate income tax is imposed on income earned from a source of revenue. There are two sources of revenue: capital profits and other sources.

Entities having their seat or management in Poland are subject to taxation with respect to their global income irrespective of where it was generated (unlimited tax liability). Other entities are subject to taxation in Poland only with regard to income generated in Poland (limited tax liability).

Income is considered to be the surplus of total revenues from the source of revenue over tax deductible costs gained in a tax year. If tax deductible costs exceed the amount of revenues from the source of revenue, the difference constitutes a loss from the source of revenue.

Tax losses incurred in previous tax years may reduce the taxable income from the source of revenue of a taxpayer. A loss may be carried forward for five years following the year in which it was incurred. However, the amount deducted in a given year shall not exceed 50% of the loss value (i.e. the shortest period of a one-year loss settlement is two years.)

A tax year is defined as a calendar year. However, after meeting certain criteria specified in the CIT Act, a taxpayer may decide that the tax year is another period of 12 consecutive calendar months.

REVENUES

Revenues for CIT purposes are revenues received by a taxpayer. For business activities, a revenue (even if not yet actually received) generally constitutes taxable revenue after the exclusion of the value of goods returned as well as rebates and discounts granted.

Revenues in foreign currencies shall be expressed in PLN on the basis of the Polish National Bank's average rate of exchange from the last working day preceding the day of receiving the revenue.

TAX EXEMPTIONS REGARDING OBJECT OF TAXATION

A list of tax exemptions regarding objects of taxation includes the following items:

- Income received by taxpayers from governments of foreign states, international organisations or international financial institutions, deriving from non-returnable aid, including funds from framework projects for research, development and the introduction of European Union and NATO projects
- Income earned from economic activity carried out within a Special Economic Zone on the basis of an appropriate permit
- Grants, subsidies and other gratuitous benefits received in order to cover costs or as cost refunds if the costs refer to fixed assets
- Revenues gained abroad, if an adequate double tax treaty so stipulates

TAX DEDUCTIBLE COSTS

In order to be recognised as a tax deductible cost, an expenditure incurred by a taxpayer should meet all the following criteria:

- The expenditure was incurred with the purpose of generating income, retaining or protecting sources of income
- The expenditure is not present on the list of non-tax-deductible costs

Expenditure can be classified as direct costs or other costs. As a rule, direct costs are deductible in the tax year in which the related revenue was earned. Other costs are deductible on the date they were incurred.

Tax deductible costs incurred in foreign currencies should be converted into PLN on the basis of the average exchange rates of the National Bank of Poland from the last working day preceding the day the costs were incurred.

Exchange rate differences shall increase revenues as foreign exchange rate gains or increase tax deductible costs as foreign exchange rate losses.

TAX BASE

Generally, the tax base is considered to be income from the source of revenue (defined as the excess of revenues over tax deductible costs), reduced by certain deductions made by the taxpayer during the tax year.

The tax base may be reduced by donations for public utility purposes and for religious purposes. In total, deductions may not exceed 10% of income.

Furthermore, it is possible to deduct from the tax base the expenses for research and development activity.

In order to recognise given income as the tax base, a taxpayer is obliged to keep proper accounting records. If it is not possible to determine income (or loss) on the basis of records kept by a taxpayer, the income (or loss) shall be assessed by the tax authorities. From January 1, 2025, the largest corporate income taxpayers with revenues exceeding €50 million are required to maintain their accounting records exclusively in electronic form and to submit them to the tax office without a summons after the end of the tax year (JPK-CIT), by the deadline for filing the CIT-8 tax return. There is also a risk of income assessment by the authorities where taxpayers concluding transactions with related entities (as defined in the CIT Act) specify transaction prices which deviate from market prices (transfer pricing).

COLLECTION OF TAX

Tax-payers are obliged to transfer to the bank account of a tax office monthly tax advance payments to the amount of the difference between the tax due on the income earned from the beginning of the tax year and total advance payments realised in preceding months. Monthly tax advance payments shall be remitted by taxpayers by the 20th day of each month for the preceding month. There is no obligation to submit monthly tax returns.

A final settlement of tax is deemed to be finalised on the day a yearly tax return is submitted by a taxpayer to the tax office and the tax due is paid. This should be done at the end of the third month of the year following the tax year, at the latest.

The CIT Act provides for a simplified form of calculation and payment of tax advance payments. Taxpayers are entitled to make monthly advance payments to the amount of 1/12 of the tax due, as calculated in the yearly tax statement for the year proceeding the given tax year. If there was no tax due in the said statement, taxpayers are entitled to make monthly advance payments to the amount of 1/12 of the tax due, as shown in the yearly tax statement for the year two years preceding a given tax year.

In cases where taxpayers have a limited tax liability in Poland, tax due in Poland on income from Polish sources is in most cases withheld and transferred to the tax office by tax-remitters i.e. entities executing payments to such taxpayers (e.g. on account of licence fees, dividends, interests). Tax settlements according to the above described general rules apply in particular to foreign companies which have a permanent establishment in Poland (as specified in double tax treaties) and with reference to income that can be attributed to their activities, including foreign companies which are partners in partnerships established in Poland.

PERSONAL INCOME TAX (PIT)

As a rule, natural persons in Poland are subject to income tax (12% and 32%) calculated in compliance with a progressive tax scale and income thresholds.

However, there are exceptions. Under certain conditions, natural persons conducting a business activity can tax their income with a flat 19% tax rate or according to provisions regulating lump-sum taxation included in a separate tax act.

Flat tax rates can also apply in cases where income is in the form of capital gains and lump-sum taxation is applicable to certain incomes obtained by non-residents and other privileged groups of taxpayers. Moreover, as of 2019 the PIT Act provides for 0% tax rate for people under 26 years old.

SUBJECTS OF TAXATION

Natural persons subject to personal income tax (PIT) are individual taxpayers, including those with income from participation in partnerships, i.e.:

- A partnership in the meaning of the Polish Civil Code
- A registered partnership
- A professional partnership
- A limited partnership
- A limited joint-stock partnership

Any income from the participation in the above-mentioned partnerships, as well as income from joint ownership, joint enterprise, joint possession or joint use of things or property rights, is taxed separately for each partner (taxpayer), in proportion to his/her share in the partnership's income.

The PIT Act is also applicable to natural persons who are shareholders in companies having legal personality i.e. limited liability companies or joint stock companies, with reference to income from participation in the companies' profit.

OBJECTS OF TAXATION

Personal income tax is levied on all kinds of income, except for income exempt from taxation under provisions of the PIT Act and income on which collection of taxes has been abandoned under provisions of the Tax Ordinance Act.

According to the provisions of the PIT Act, income can be derived from several sources and the assignment of income to certain specific sources results in the application of a specific method of taxation.

An income from a given source of revenue is defined as the excess of total revenue from that source over its tax deductible costs, generated in a given tax year. If a taxpayer receives income from more than one source, subject to certain exceptions, the sum of the various incomes from all sources is subject to taxation. The said exceptions refer to the following:

- Revenue (income) which is subject to lump-sum taxation
- Income which is subject to flat-rate tax

The aforementioned kinds of income are not accumulated with the income earned by taxpayers from other sources (taxed pursuant to the tax scale). Furthermore, any income subject to the flat-rate tax is disclosed in separate tax returns, showing income from capital gains and income from a business activity respectively.

SCOPE OF TAX LIABILITY (UNLIMITED AND LIMITED TAX LIABILITY)

The 'global' nature of personal income tax means inter alia that this tax is imposed on income of all natural persons provided that they gain income from sources located in Poland. The scope of a person's tax liability decides whether income from sources located abroad is subject to taxation in Poland as well.

Taxpayers are subject to unlimited tax liability in Poland if they have a place of residence in Poland i.e.:

- They stay in the territory of Poland longer than 183 days during a tax year, or
- They have a centre of personal or economic interest in the country (centre of vital interests)

If a person has a residence in another country, a conflict between tax jurisdictions shall be settled and determined according to the regulations of an appropriate double tax treaty of the country where the person is a tax resident. Only then will it be possible to determine the tax status of such a person in Poland.

Taxpayers with unlimited tax liability in Poland (Polish tax residents) are subject to taxation on their worldwide income. Natural persons without a place of residence for tax purposes in Poland (persons with a limited tax liability in Poland) are subject to taxation in Poland only with respect to their Polish-sourced income.

TAX BASE AND CALCULATION OF INCOME

Generally, income calculated as the excess of revenue over tax-deductible costs constitutes the tax base for PIT purposes.

Under the accrual accounting method, revenue is recognized at the moment of sale, rather than when payment is received. From January 1, 2025, the cash-based PIT has been implemented, allowing entrepreneurs to pay income tax only when they actually receive payment from their client – a significant departure from the previous system, where tax was due at the time of goods delivery or service execution, and no later than on the invoice issue date.

Income may be then reduced by the taxpayer, for example by:

- The amount of obligatory social security premiums paid by a taxpayer or persons co-operating with the taxpayer during the tax year in Poland or in another EU country, EEA country or in Switzerland
- Expenses incurred for the use of internet (within two tax years)
- Expenses for the rehabilitation of disabled persons
- Donations for public utility organisations (including organisations conducting public utility activities in another EU country or in an EEA country) to be used for purposes of science, culture, health, charity or the environment, as well as donations for religious purposes and blood donations
- The expenses for research and development activity.

As a rule, taxpayers who carry out a business activity are obliged to calculate their income on the basis of accounting books. If it is not possible to calculate income on the basis of accounting books kept by the taxpayer, the income should be assessed.

TAX COMPUTED PURSUANT TO THE SCALE

Income is subject, as a rule, to income tax calculated in compliance with the following progressive scale, using tax rates amounting to 12% and 32% depending on income thresholds. Tax calculated in compliance with the tax scale may be reduced in part by obligatory health insurance premiums paid in Poland or in another EU or EEA country or in Switzerland. On the tax return form, a taxpayer may declare that a maximum 1,5 % of his tax due resulting from his/her returns shall be transferred to the account of a public utility organisation of his choice.

As of 1 January 2019 a new source of taxation has been introduced. The new tax, called “solidarity tax”, is applied to the income that exceeds amount of 1 mln PLN. The tax rate amounts to 4%.

LUMP-SUM TAXATION FOR CERTAIN KINDS OF REVENUE (INCOME)

In some cases, tax may be imposed as a lump-sum tax on certain revenue (and not income) which is subject to taxation; in such cases, no tax-deductible costs may be taken into account. As a rule, revenues which are subject to a lump-sum tax are not revealed in annual tax statements submitted to the tax office by taxpayers.

FLAT-RATE TAX

Taxpayers running a business activity may tax the income from this activity with a 19% flat tax.

The institution of a flat-rate tax does not deprive taxpayers of the right to deduct tax-deductible costs from earned revenue. However, by using a flat-rate taxation method the taxpayer is not able to take advantage of the majority of tax allowances and deductions. Nevertheless, the taxpayer who has chosen this method of taxation is entitled to deduct the following:

- From the income – any loss incurred in previous tax years (incurred as a result of conducting the business activity)
- From the income – retirement, disability, sickness and accident obligatory insurance premiums paid by the taxpayer
- From the tax –health insurance premiums paid in the tax year

The 19% flat-rate tax also applies to certain income from capital. The settlement of certain income in the form of capital gains taxed with a flat rate tax is not subject to advance payments during the year. A taxpayer who earns income from such sources is obliged to make a settlement once a year (up to 30 April of the following year), which is submitted independently from the annual tax settlement for income subject to general taxation rules (e.g. income from an employment relationship).

COLLECTION OF TAX

During a tax year, taxpayers are obliged, as a rule, to make monthly advance tax payments (by the 20th day of the following month for the preceding month) and, after the end of a given tax year, pay the tax due in a final amount (i.e. not later than 30 April the following year). This rule does not apply to a lump-sum tax, which is calculated and collected with reference to certain categories of revenue earned during the tax year and not accumulated with income earned from other sources after the end of the given year.

So-called ‘small entrepreneurs’ and taxpayers who launch a business activity may pay tax advances quarterly.

As a rule, a PIT taxpayer is obliged to calculate and transfer on his/her own responsibility both tax advance payments and tax. There are some exceptions to this rule, where with respect to certain categories of revenue, monthly tax advance payments or the tax itself is collected by tax remitters. Remitters calculate and collect tax advance payments with reference to income from an employment relationship (or similar relationships), from retirement and disability pensions, from social security allowances and from civil law contracts, including manager's contracts, as well as in the majority of cases from lump-sum taxation.

Taxpayers who receive income from a business activity, lease and tenancy agreements, an employment relationship established abroad, retirement and disability pensions received from abroad and other income with respect to which the remitters are not obliged to calculate advance payments for income tax, are obliged to calculate and pay tax advances without summons during the year.

Self-calculation of tax also applies when establishing the income tax due for the entire tax year, provided that a remitter of tax has not been designated to calculate the tax. When submitting annual tax statements, taxpayers who keep accounting books are obliged to attach financial statements which should include at least the balance sheet and the profit and loss account.

Taxpayers who decided to apply a flat-rate tax (19%) to their income from a business activity, are subject to the general rules concerning submission of annual tax statements. However, for the purposes of calculating the tax, these taxpayers are not entitled to aggregate their income subject to the flat-rate tax with the income subject to personal taxation according to the general rules.

Furthermore, the PIT Act provides for a simplified form of calculation and payment of tax advances i.e. for 1/12 of the tax amount shown in the tax return submitted to the tax office in the tax year preceding a given tax year or in the tax year preceding a given tax year by two years.

DIVIDENDS, INTEREST, ROYALTIES AND CAPITAL GAINS

Dividends abroad are subject to a 19% withholding tax (interest and royalties at 20%), unless the relevant tax treaty states otherwise. There is no withholding tax when dividends are paid to a company which has a seat in another EU country. Since 1 July 2013 the same applies to payments of interest and royalties paid to shareholders. Conditions which should be fulfilled are outlined in the 'Tax Rates' section. Capital gains related to the sale of shares are not combined with other types of income and are subject to a 19% PIT rate.

BANKING TAX

LEGAL BASIS

National Law – the act on Tax on some Financial Institutions of 15 January 2016 (Journal of Laws, item 68)

SUBJECTS OF TAXATION

The subject of taxation are assets of the financial institutions.

The entities of Banking Tax Act are:

- National banks
- Foreign bank's agencies
- Other national and foreign credit institutions
- Social savings and loans association
- Lending institutions
- Foreign Lending institution's agencies
- Assurance institutions

- Foreign assurance institution's agencies
- Reassurance institutions
- Foreign reassurance institution's agencies

OBJECTS OF TAXATION

According to the Polish Tax on some Financial Institutions (the 'Banking tax'), Banking Tax applies to the following grounds:

- In case of National banks, Foreign bank's agencies, Other national and foreign credit institutions, Social savings and loans association – value of assets above 4 billion PLN
- In case of Foreign Lending institution's agencies, Assurance institutions, Foreign assurance institution's agencies, Reassurance institutions, Foreign reassurance institution's agencies – 2 billion PLN
- In case of Lending institutions – value of assets above 200 million PLN

TAX GROUND AND TAX RATE

The subjects of taxation are assets of the financial institutions.

Tax rate equals 0,0366% of the taxation ground per month.

VALUE ADDED TAX (VAT)

LEGAL BASIS

Legal provisions governing VAT issues are divided and set out in two groups, by:

- 1) Community law – in particular, the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax
- 2) National law – the act on Tax on Goods and Services of 11 March 2004 r. (Journal of Laws No 54, item 535, with amendments) and over 30 executive decrees

SCOPE OF VAT

According to the Polish Tax on Goods and Services Act (the 'VAT Act'), VAT applies to the following transactions:

- Supply of goods and services for consideration within the territory of Poland
- Export of goods outside the EU
- Import of goods from outside the EU
- Intra-community acquisition of goods for consideration within the territory of Poland
- Intra-community supply of goods

The following transactions are outside the scope of VAT:

- transactions of transfer of an enterprise or an organized part of an enterprise,
- activities that cannot be the subject of legally effective contract

It is obligatory to register the sale of goods or services to a natural person in fiscal registers (*kasa fiskalna*).

TAXPAYERS

According to the VAT Act, taxpayers are defined as legal entities, organisational units or individuals independently carrying out any commercial activity, irrespective of the purpose or result of that activity.

Economic activity covers all activities of producers, traders or service providers, including entities obtaining natural resources and farmers as well as activities of the professions. Economic activity also includes, in particular, activities which consist in the use of goods or intangible fixed assets in a continuous manner for profit-gaining purposes. In very simple terms, economic activity covers, as a rule, any business activity.

VAT REGISTRATION

Entities should register for VAT before they first conduct any taxable activity. As a result of registration, an entity acquires active VAT payer status.

If the taxpayer plans to carry out intra-community transactions, it is additionally required to register as an EU VAT payer.

Some taxpayers are exempt from the requirement to account for VAT. This exemption applies to taxpayers whose annual taxable sales do not exceed PLN 200, 000. **As of January 1, 2025, it is possible for companies with a place of business in other EU countries to benefit from the VAT exemption in Poland.**

Foreign VAT payers can be registered for VAT purposes in Poland and have the same obligations as local VAT payers.

VAT payers from outside the EU must appoint a fiscal representative, who is jointly liable with the entity.

PLACE OF SUPPLY RULES (SERVICES)

Since 2010, new rules apply for identifying the place of supply for VAT purposes. In principle, the place of the supply of services is the place where the purchaser of the service has established their business, another fixed place of business, or place of residence. However, there are some special rules for identifying the place of supply, including those that concern:

- Services connected with immovable property – the place of supply is the location of the property
- Transportation services – the place of supply is the place where the transport takes place, having regard to distances covered
- Artistic, sport, educational, science services rendered for VAT payers, services supporting transport services, services concerning movable property or evaluation of such property, catering and restaurant services – the place of supply is the place where the service is actually performed
- Services provided for non-VAT payers – the place of residence/registered office of the supplier (though there are many exceptions, i.e. with regards to intangible services for non-VAT payers, which are taxed in the place of residence/registered office of a purchaser who is a non-VAT payer).

VAT RATES AND TAXABLE BASE

The VAT Act prescribes the following rates of VAT:

- A standard rate of 23%
- A reduced rate of 8%
- A zero rate (with the right to deduct input VAT)
- A transitional reduced rate of 5%

As of 1 January 2020 a new list of VAT rates has been implemented. Tax payers are eligible to get information which VAT rate is appropriate to the goods or services they sell.

The taxable base for VAT is calculated as turnover net of output tax. This tax base must be raised by any grants and subsidies received and reduced by rebates and documented /legally acceptable discounts.

TAX POINT – GENERAL RULES

The default rule provided by the VAT Act is that a tax point arises when goods are released or services are completed. The tax point for an advance payment is the date on which payment is received.

RECOVERY OF INPUT VAT - GENERAL RULES

A taxpayer is allowed to recover input tax charged on goods and services supplied to him/her, which he/she later uses in their taxable business. Generally, recovery is made by the deduction of input tax from output tax. In some situations, input tax is not recoverable (e.g. for a purchase of hotel services, gastronomy) or it is only partially recoverable (e.g. for the purchase of a passenger car).

Since 2008, taxpayers have not been allowed to deduct input tax from invoices documenting transactions that are not subject to VAT or are VAT exempt, even where the amount resulting from the invoice was paid. Effective from December 2008, the deduction of input VAT is no longer dependent on the qualification of expenditures as tax-deductible costs for the purpose of income tax.

REFUND OF VAT

In case the amount of deductions exceeds the amount of VAT due (for a given tax period). A taxpayer is entitled either to tax refund usually within 60 days of the VAT return submission or carry the excess VAT forward to the following tax period. On the taxpayer's request (under certain conditions) tax refund may be made within 25 days of the tax return submission.

VAT RETURNS AND TAX PAYMENT

Generally VAT taxpayers are obliged to submit their tax returns for monthly periods and to pay due tax no later than the 25th day of the following month. So called "small taxpayers" (whose value of sales (including tax) in the preceding tax year has not exceeded the Polish zloty equivalent of 2.000.000 EUR or in case of a brokerage enterprise, managing investment funds, operating as an agent – 45.000 EUR) who apply cash accounting scheme are obliged to submit their tax returns quarterly.

Taxpayers who do not apply cash accounting scheme may submit their tax returns quarterly (upon written notification to the head of their local tax office) provided that they make advance payments of 1/3 of tax for the first and second month of the quarter.

As of October 2020, tax returns has been replaced by JPK_VAT declarations.

REVERSE CHARGE

As of 1 April 2011, a reverse charge mechanism has been in place, the purpose of which is to facilitate VAT settlement. It has become a general rule in cases where a certain activity is taxable in Poland but the supplier of goods or services does not have a residence or a fixed place for conducting business in Poland. As a rule, in such cases, VAT is settled by the purchaser of services with VAT-payer status or the purchaser of goods with VAT-payer status with a seat, residence or fixed place of business in Poland.

This mechanism applies also when services are rendered for clients having a seat or place of permanent activity abroad (in the EU or outside the EU) and when goods are delivered to another EU country.

SPLIT PAYMENT

As of 1 November 2019, the reverse charge mechanism has been abolished in favour of a mandatory split payment mechanism.

Mechanism consists of a split payment, according to which the payment corresponding to the net amount goes to the trader's settlement account and the value equal to the VAT amount goes to a special VAT account. As a result of the entry into force of the mandatory split payment, active VAT taxpayers providing services or goods and their purchasers are required to have a company bank account. This is due to the fact that a VAT account is not opened for private bank accounts and it is not possible to use a transfer message for the application of split payment.

EXCISE DUTY

SCOPE OF APPLICATION

Excise duty is levied in Poland on the consumption of the following goods: energy products, electricity, alcoholic beverages, tobacco products and raw tobacco. Moreover, excise duty is also levied on motor cars however vehicles are not excise goods in Poland.

The aforementioned excise goods form a special group of products taxed with excises according to common rules applying all over the EU. Cars are taxed on the basis of Polish legislative decisions. Under Polish excise regulations; the following transactions are subject to tax:

- Production of excise goods
- Release of excise goods from a bonded warehouse
- Sale of excise goods in Poland
- Export and import of excise goods
- Intra-community acquisition and supply of excise goods
- Imports or intra-community acquisition of passenger cars unregistered in Poland, or first sale of a passenger car in Poland.

There are certain specific institutions where a unique excise tax applies (such as bonded warehouses, registered traders, transfer companies of excise goods in the course of excise-suspending procedures, excise securities etc.)

Some excise products (e.g. wines and spirits, cigarettes etc.) are subject to a special procedure that involves sealing them with fiscal seals.

Taxable base and rates of excise duty differ depending on the subject of taxation.

Rates may take the form of:

- fixed amount per one item or defined quantity of goods,
- Percentage of taxable base
- Percentage of maximum retail sale price
- fixed amount per item or quantity combined with percentage of maximum retail sale price

REAL ESTATE TAXES AND FEES

TAXES ON TURNOVER (VAT, CTT)

The supply of real estate property is, in principle, subject to VAT calculated on the value of land and buildings alike. The standard rate of VAT for such transactions is 23%, though a preferential rate of 8% applies to some transactions.

The supply of buildings and structures after their 'first domiciliation' (understood as the giving for use of buildings, structures or their parts in the course of their VAT supply to their first purchaser or user after their construction or any improvement exceeding 30% of their value established for tax depreciation purposes), is VAT exempt if the period between the first domiciliation and subsequent supply exceeded at least two years. If these conditions are not met, the supply of buildings and structures can also be exempted from VAT assuming that the seller had no right to deduct VAT on the purchase of such a building/ structure and the improvements to the building/structure did not exceed 30% of the value established for tax depreciation purposes (unless improvements were utilised for at least five years). However, parties to the transaction may opt for taxation in VAT of such supply if both parties are registered VAT payers and note their intention to the proper tax authority.

If one of the parties to a transaction concerning the sale of real estate is acting as a VAT payer, the transaction will be exempted from the Civil Transaction Tax (CTT). However, if the transaction is exempt from VAT, it will be subject to CTT. Transactions between individuals acting in a non-commercial capacity will be subject to CTT at 2% of the transaction value.

INCOME TAX

Where an individual sells property acquired for business purposes, a flat tax at 19% or progressive tax at rates of 12% or 32% apply (depending upon which scheme the taxpayer has elected to follow).

For entities subject to corporate income tax, the disposal of real estate property will be taxed at 19%. Buildings and structures qualify for tax depreciation. The standard rate of amortisation for buildings is 2.5% per year over a period of 40 years. Where residential buildings/premises were used prior to their acquisition by a taxpayer and for more than five years, a taxpayer is entitled to claim an accelerated rate of amortisation of 10% per year over a period of ten years.

REAL ESTATE TAX

Real estate tax is levied on land, buildings, structures and construction equipment. The rate of tax for a given locality is determined by the municipal authority, up to a maximum imposed by the Local Taxes Act which regulates this tax.

When setting the rate of real estate tax, a municipal authority is obliged to consider the following aspects of the property:

- Its location
- The activity carried out there
- The type of development
- Its designated use
- The method for exploiting the land

The authority has the power to grant some exemptions from real estate tax (where they are not provided for by the Local Taxes Act).

CIVIL TRANSACTION TAX (CTT)

GENERAL INFORMATION

Civil transaction tax (CTT or *podatek od czynności cywilno-prawnych – PCC*) is levied on agreements not related to commercial turnover. The following transactions and civil law actions fall within the scope of the tax (closed list):

- Sale (exchange) of goods and property rights
- Loan agreements
- Donation agreements (if they involve the acquisition of debts)
- Annuity contracts
- Agreements on the division of a deceased's estate
- Mortgage contracts
- Grants of usufruct for consideration of irregular deposit agreements
- Articles of association, where the following events are treated as changes to the articles of association:
 - An increase in a company's initial capital or the assets of a partnership
 - Additional contributions by shareholders
 - Loans granted by partners to a partnership transformation, merger or division of a company or companies, resulting in an increase in their initial capital

- The transfer to Poland from a country other than an EU member state of an effective place of management if the registered office is not located within an EU member state, even if such an activity does not involve an increase in the share capital of a company

TAX RATES

The rate of CTT differs according to the type of transaction:

- Sale (exchange) of goods and property rights connected with real estate (i.e. perpetual usufruct or ownership) – 2%
- Loan agreements and irregular deposit agreements – 0.5%
- Articles of association and their changes – 0.5%
- Sale (exchange) of other property rights – 1%

EXEMPTIONS

The CTT Act prescribes a long list of exemptions from tax, including:

- Sale of foreign currency
- Sale of movable property with a value below PLN 1,000
- Sale of securities to or through brokerages or banks offering brokerage services certain types of loans (e.g. those granted by foreign financial institutions or by shareholders to companies and loans granted by partners to partnerships are subject to 0.5% CTT)
- Articles of association and amendments connected with the transformation or merger of a company if the value of the increase in share capital was previously subject to civil CTT or indirect taxes on the raising of capital levied in other EU member states.

In principle, transactions where at least one of the parties acts as a VAT payer are not subject to CTT. This rule, however, does not apply to sale transactions of real estate property and articles of association, if the transaction is VAT exempt.

SETTLEMENT OF TAX

In principle, the obligation to pay CTT rests with the party that is considered the taxpayer under the provisions of the CTT Act. A declaration should be filed and tax should be paid to the relevant tax office within 14 days of the transaction. Where a transaction is made before a notary, he/she will remit CTT and is obliged to account for the tax.

TAX ON MEANS OF TRANSPORT

Tax on means of transport is related to the ownership and use of specific means of transport, except personal cars. Taxpayers are naturalised and legal persons who are owners of the means of transport. Organisational units having no legal personality (e.g. partnerships), under whose name the means of transport were registered, are also considered as owners.

INTERNATIONAL AGREEMENTS

INTERNATIONAL TREATIES

Tax rates may be lower under double taxation treaties concluded with the country in which the taxpayer's registered office or management board is located. Poland has signed double taxation treaties with over 90 nations including the UK, US and Germany.

CERTIFICATE OF RESIDENCE

Tax rates envisaged in the double taxation treaties may be applied only if a taxpayer holds a certificate of residency issued by the given country's tax authorities. This certificate confirms that the foreigner has residency in a country with which Poland has concluded a double taxation treaty, under which tax preferences are granted. A translator should translate the documents into Polish. A certificate of residency is valid for one year from the date of its issue.

TAX REPRESENTATIVE

Taxpayers not having the place of establishment or fixed establishment in Poland, (required to register as active VAT taxpayers) are obliged to appoint a tax representative. However this obligation does not apply to taxpayers having the place of establishment or fixed establishment in the EU. A tax representative may be any legal person or organisational unit without legal personality that has established his business within the territory of Poland or natural person who has his permanent address in the territory of Poland provided that the person fulfils - the following conditions:

- is registered as an active VAT taxpayer and in certain circumstances as an EU VAT taxpayer,
- is not in arrears in respect of the taxes which constitute income of the state treasury – which exceed 3 per cent of the due tax,
- has not been sentenced within the last 24 months in accordance with the Fiscal Penal Code for a fiscal crime,
- is authorised to provide professional tax advisory services under the Tax Advisory Act or bookkeeping services pursuant to the Accounting Act.

Polish law enables customs agencies to become tax representatives under certain conditions. The tax representative is jointly and severally liable with the taxpayer for tax obligations of the taxpayer he represents.

MANDATORY DISCLOSURE RULES (MDR)

From 1 January 2020 the Mandatory Disclosure Rules (MDR) have been introduced. The scope of the Polish implementation of EU Mandatory Disclosure Regime directive (DAC6) is wider as it also covers i.e. VAT and domestic tax schemes.

The MDR regulations are intended to provide tax administration authorities with information about potentially aggressive or abusive tax-planning arrangements.

However, the extent of MDR goes much further and includes also reporting obligations, e.g. to deliver valuable information for analysis of tax reliefs and preferences. That means that also be lawful arrangements made for valid business reasons may subject to reporting obligation. Taxpayers may be obliged to report arrangements no matter if they bring tax benefits or not, and some of them may need to implement an internal MDR procedures.

Also the sanction for failure to comply with the new MDR rules are more substantial than in other EU countries.

ACCOUNTING AND REPORTING

Accounting regulations & company financial statement

The basic source of the Polish accounting law is the Accounting Act of 29 September 1994. Since its effectiveness on 1 January 1995, the Accounting Act has been repeatedly amended and is still subject to continuous alterations as a result of adjusting it to the changing international accounting standards (IAS/IFRS). In addition, there are dozens of regulations of the Council of Ministers and the Minister of Finance as regards detailed accounting principles as well as several executive regulations to the Accounting Act itself.

All accounting (documentation, records and reports) must be prepared in Polish and maintained in the Polish currency. Only primary documents need to be translated into Polish. However, at the request of the control authorities or an auditor, a reliable translation of indicated book-keeping vouchers made out in a foreign language shall be provided. All primary documents, records and reports for the last five years of the company's activity (including tax returns) must be kept by the company. Starting from 2019 the approved annual financial statements must be kept by the company for a period of at least 5 years from the beginning of the year following the financial year in which they were approved.

Entities must apply the accounting principles provided for in the Accounting Act to ensure a true and fair presentation of their property and financial position, as well as their financial results. Events including business transactions must be entered into accounting books and shown in the financial statements according to their business nature. When applying the accounting rules, an entity may adopt certain simplifications, provided that these do not significantly affect the attainment of the above objectives.

The manager of an entity is responsible for the fulfilment of duties regarding accounting.

THE SUBJECTIVE SCOPE OF THE ACT

The subjective scope of the Accounting Act shall apply to the following entities which registered offices or places of executive management are located on the territory of the Republic of Poland:

- 1) commercial companies, i.e. partnerships and capital companies, including those in the process of setting up (entities established on the basis of the Commercial Companies Code), civil law partnerships, subject to point 2), as well as other legal persons, except for the State Treasury and the National Bank of Poland,
- 2) natural persons, civil law partnerships established by natural persons, civil law partnerships established by natural persons and inherited enterprises, general partnerships established by natural persons, professional partnerships and inherited enterprises operating in accordance with the Act of 5 July 2018 on the succession management of an enterprise of a natural person and other facilities related to succession of enterprise, if their net revenue from the sale of goods in the preceding financial year amounted to the equivalent of at least EUR 2.500.000 in the Polish zloty; if these requirements are not met but the natural persons or the partnerships still want to apply the accounting principles specified in the Accounting Act, these natural persons or partners of these partnerships are required to notify of it, before the beginning of the financial year, the tax office relevant for income tax matters,
- 3) inherited enterprises acting in accordance with the above-mentioned Act of 5 July 2018 if accounting books were kept on the day preceding the day of opening the inheritance,

- 4) business entities operating on the basis of the Banking Law, regulations on trading in securities, regulations on provision of crowdfunding services for business ventures, regulations on investment funds and management of alternative investment funds, regulations on insurance and reinsurance activities, regulations on cooperative savings and credit unions or regulations on organization and operation of pension funds, irrespective of the amount of revenues,
- 5) municipalities, districts, voivodships and their associations as well as:
 - state, municipal, district and voivodship budget units,
 - municipal, district and voivodship budget firms.
- 6) organizational entities with no legal personality, except for the companies referred to in points 1) and 2),
- 7) branches and representative offices of foreign entrepreneurs as defined in the Act of 6 March 2018 on the rules of participation of foreign entrepreneurs and other foreign persons in business transactions on the territory of the Republic of Poland,
- 8) entities other than those referred to in points 1) – 7) if they receive subsidies from the state budget, budgets of local government units or special purpose funds for the purpose of implementation of assigned tasks – from the beginning of the financial year in which they were granted with the subsidies.

Entities which prepare their financial statements in accordance with the International Accounting Standards, the International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission, hereinafter referred to as the “IAS”, shall conform to the provisions of the Accounting Act and its related secondary legislation, in the matters not regulated by the IAS.

In general, financial statements include:

- a balance sheet,
- a profit and loss account,
- notes to the financial statements, including an introduction to the financial statements as well as additional notes and explanations.

Financial statements of the entities which are subject to annual audits also include:

- a statement of changes in equity (in the case of investment funds – a statement of changes in net assets),
- a cash flow statement.

In the case of limited liability and joint-stock companies, limited joint-stock partnerships, mutual insurance companies, mutual reinsurance companies, co-operatives, state-owned enterprises, as well as these general partnerships and limited partnerships in which all the partners bearing unlimited responsibility are capital companies, limited joint-stock partnerships or companies from other countries with a legal form similar to these companies, as well as in the case of specialized open-end investment funds, closed-end investment funds and alternative investment companies, the entity’s manager shall prepare, apart from an annual financial statement, also an annual report on the entity’s activity. This document should comprise essential information on property and financial position of the entity, including evaluation of the results achieved and identification of risk factors and a description of threats.

The Accounting Act distinguishes micro entities and small entities. These are commercial companies, i.e. partnerships and capital companies, including those in the process of setting up (entities established on the basis of the Commercial Companies Code), civil law partnerships as well as other legal persons, except for the State Treasury and the National Bank of Poland, other legal persons, as well as branches of foreign entrepreneurs as defined in the Act of 6 March 2018 on the rules of participation of foreign entrepreneurs and other foreign persons in business transaction on the territory of the Republic of Poland, for which, in relation to both the financial year for which an annual report is prepared and the year preceding that financial year, at least two of the following three criteria were presented:

- total assets in the balance sheet at the reporting date did not exceed 2 million PLN (micro entities) or 33 million PLN (small entities),
- net revenue from sale of merchandise and products for the financial year did not exceed 4 million PLN (micro entities) or 66 million PLN (small entities),

- the average annual employment in full-time employment did not exceed 10 persons (micro entities) or 50 persons (small entities).

Moreover, the entity's shareholders must adopt a resolution on preparation of annual financial statements in a simplified form dedicated for micro entities or small entities respectively.

Also entities such as trade unions, employers' organizations, chambers of commerce, representative offices of foreign entrepreneurs as defined in the Act of 6 March 2018 on the rules of participation of foreign entrepreneurs and other foreign persons in business transactions on the territory of the Republic of Poland, socio-professional organizations of farmers, organizations of professionals' corporations, organizations of economic corporations of craftsmanship and the Polish Motor Insurers' Bureau (unless operating as businesses) may benefit from simplifications provided for micro entities.

Micro entities and small entities are allowed to prepare their financial statements in a simplified form, including an abbreviated balance sheet (only with selected basic items presented) and an abbreviated profit and loss account, accompanied by limited additional information. Micro entities are also exempt from the obligation to prepare the annual report on the entity's activity as long as information on the purchase of own shares is included in the financial statement. Small entities are exempt from the obligation to prepare the annual report on the entity's activity, as long as information on the purchase of own shares is included in additional notes and explanations.

In addition, for simplification, micro entities do not value assets and liabilities by fair value and adjusted purchase price. Small entities are allowed not to apply provisions issued by the Ministry of Finance on recognition and methods of valuation, disclosure and presentation of financial instruments.

Micro entities and small entities are also allowed to resign from applying the principle of prudence when measuring their assets and liabilities in the scope of creating write-downs updating the value of assets and reserves for the risk known to the entity, possible losses and the consequences of other events.

Apart from the above, the Accounting Act distinguishes medium entities and large entities.

Medium entities are entities which are not micro entities or small entities for which, in relation to both the financial year for which an annual report is prepared and the year preceding that financial year, at least two of the following three criteria were presented:

- total assets in the balance sheet at the reporting date did not exceed 110 million PLN,
- net revenue from sale of merchandise and products for the financial year did not exceed 220 million PLN,
- the average annual employment in full-time employment did not exceed 250 persons.

Large entities are entities for which, in relation to both the financial year for which an annual report is prepared and the year preceding that financial year, at least two of the following three criteria were presented:

- total assets in the balance sheet at the reporting date exceeded 110 million PLN,
- net revenue from sale of merchandise and products for the financial year exceeded 220 million PLN,
- the average annual employment in full-time employment exceeded 250 persons.

DEADLINES FOR PREPARATION OF FINANCIAL STATEMENTS AND INSTITUTIONS WHICH FINANCIAL STATEMENTS SHALL BE SUBMITTED TO

The entity's manager shall ensure that annual financial statements are prepared within three months from the balance sheet date and shall present them to the relevant authorities, in accordance with applicable legal regulations and provisions of the entity's articles of association.

It is mandatory to prepare the annual financial statements in an electronic form in a precisely specified logical structure and format which is available on the website of the Public Information Bulletin of the Ministry of Finance (XML).

In principle, all members of the board are obliged to sign the annual financial statement using their qualified electronic signatures. However, in the case of the multi-person board, the Accounting Act provides for the possibility that one of the members of the board signs the annual financial statement electronically after all the other members of the board made individual statements that the annual financial statement fulfils the requirements set out in the Accounting Act, or refused to make such statements. A refusal to sign the annual financial statement or to make an individual statement that the annual financial statement fulfils the requirements set out in the Accounting Act requires a written justification. The individual statement that the annual financial statement fulfils the requirements set out in the Accounting Act, the justification of the refusal to sign the annual financial statement or the refusal to make an individual statement that the annual financial statement fulfils the requirements set out in the Accounting Act together with the justification are prepared either in the electronic form and signed electronically or in the paper form and hand-signed. They must indicate the annual financial statement they concern, in particular by specifying the date and the time of signing of the annual financial statement by the person who was entrusted with bookkeeping. Once prepared and signed, they are attached to the annual financial statement by the member of the board that signs the annual financial statement. In the case the individual statement, the refusal to sign the annual financial statement or the refusal to make an individual statement is prepared in the paper form and hand-signed, the member of the board that signs the annual financial statement arranges for their electronic copies.

The annual financial statement of an entity shall be approved by the entity's approving body within 6 months from the balance sheet date.

In accordance with the Act of 20 August 1997 on the National Court Register, the annual financial statement, the independent auditor's report (if the annual financial statement was subject to an audit), a copy of resolutions on approval of the annual financial statement and on distribution of profit or coverage of loss as well as the annual report on the entity's activity shall be submitted to the Financial Document Repository within 15 days from the date of the approval of the annual financial statement. The documents at stake can be submitted either by the entity's manager or by a professional proxy acting on behalf of the entity. They are submitted electronically on the website of the Ministry of Justice so to carry out this task, it is necessary for the entity's manager or the professional proxy to have a qualified electronic signature.

Consolidated annual financial statements of companies listed on the stock exchange and banks (obligatory) or belonging to international groups (voluntary according to the resolution of shareholders) are prepared according to the IAS.

AUDIT OF FINANCIAL STATEMENTS

According to the Polish Accounting Act, examination of annual financial statements by an auditor is mandatory for:

- domestic banks, branches of credit institutions, branches of foreign banks, insurance companies, reinsurance companies, main branches and branches of insurance companies, main branches and branches of reinsurance companies and branches of foreign investment companies,
- cooperative savings and credit unions,
- entities operating on the basis of regulations on trading in securities, regulations on provision of crowdfunding services for business ventures and regulations on investment funds and management of alternative investment funds as well as alternative investment companies,
- entities operating on the basis of regulations on organization and operation of pension funds,
- national payment institutions and electronic money institutions,
- joint-stock companies, except for companies which are in the process of setting up at the balance sheet date,
- other entities which in the preceding financial year for which the annual financial statement was prepared had fulfilled at least two of the following conditions:
 - the average annual employment in full-time employment was equal to at least 50 persons,
 - total assets in the balance sheet at the end of the financial year were equivalent in the Polish currency to at least EUR 3.125.000,

- net revenue from sale of merchandise and products in the financial year were equivalent in the Polish currency to at least EUR 6.250.000.

An audit must be carried out before the annual financial statement is approved at the meeting of shareholders and must be performed by an independent entity licensed to perform audits.

FINANCIAL STATEMENTS OF CONSOLIDATED ENTITIES

ELEMENTS OF CONSOLIDATED FINANCIAL STATEMENTS

The obligation to prepare annual consolidated financial statements concerns parent holding companies. The annual consolidated financial statements include the following elements:

- a consolidated balance sheet,
- a consolidated profit and loss account,
- a consolidated cash flow statement,
- a consolidated statement of changes in equity (fund),
- notes to the consolidated financial statements, including an introduction to the consolidated financial statements as well as additional notes and explanations.

An annual report of the capital group's activity shall be enclosed to the annual consolidated financial statement of that group.

EXEMPTION FROM PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Accounting Act provides for the possibility to exempt an entity from preparation of consolidated financial statements if, in particular, the following condition relating to the level of employment, the balance sheet and income is fulfilled. A parent company is not obliged to prepare consolidated financial statements if at the balance sheet date of the financial year and at the balance sheet date of the year preceding that financial year, the total data of the parent company and of its all subsidiaries at each level:

1) meet - **before** making consolidation exclusions - at least two of the following criteria:

- the average annual employment in full-time employment did not exceed 250 persons,
- total assets in the balance sheet at the reporting date did not exceed 48.000.000 PLN,
- total net revenue from sale of merchandise and products for the financial year did not exceed 96.000.000 PLN

2) meet - **after** consolidation exclusions - at least two of the following criteria:

- the average annual employment in full-time employment did not exceed 250 persons,
- total assets in the balance sheet at the reporting date did not exceed 40.000.000 PLN,
- total net revenue from sale of merchandise and products for the financial year did not exceed 80.000.000 PLN.

UHY IN POLAND



UHY ECA Group

Poland

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- LinkedIn: <https://www.linkedin.com/company/eca-poland>
- X: https://twitter.com/uhy_eca?lang=en
- YouTube: https://www.youtube.com/channel/UCsWhNZrRILyKjg_tUhia9bA

Year established:	2006
PCAOB registered?	No
Number of partners:	15
Total staff:	225

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Phone: +48 71 725 91 20

BRIEF DESCRIPTION OF FIRM

The UHY ECA Group provides services in audit, tax consulting, accounting services, training, business consulting and authorized advisory. The beginnings of the company reach back to the mid 1990's. UHY ECA Group has audited several thousand companies, public interest entities, including companies publicly traded on the Warsaw Stock Exchange and investment funds. Our tax experts have successfully represented our clients' interests in front of the Supreme Administrative Court. We also possess competence in the German Commercial Code (HGB). We have advised on multiple capital transactions and stock exchange debuts. UHY ECA S.A. is Warsaw Stock Exchange IPO Partner. The company's high competence is proven regularly by top-ten placements in prestigious auditory and tax consulting company rankings. In 2020 UHY ECA was ranked among the best audit firms in the prestigious ranking of "Parkiet" and "Rzeczpospolita"

- 9th place in the overall classification of the best audit firms in Poland,

- 5th place in the category of the best audit firms, auditing companies listed on the Warsaw Stock Exchange.

We are successful in providing services in foreign languages: English and German. We have experts prepared to provide services under various standards, including PAS, IAS/IFRS, HGB and US GAAP, so we also provide services to clients with foreign capital.

We want to exert a positive impact on the functioning of business on the market. We use best practice, linking independence with a high standard of financial outsourcing services and a high level of professionalism, thus ensuring that our relations are based on partnership and mutual trust. Our strength is the carefully selected staff - it is owing to their knowledge, skills and abilities that we enjoy a high level of trust with our clients, who willingly entrust us with their various concerns.

SPECIALIST SERVICE AREAS

Audit:

- audits and reviews of financial statements under the PAS, IAS/IFRS, HGB and US GAAP
- audits and preparation of consolidation packages
- company valuation
- development and implementation of accounting policy principles
- audit of the correctness and reliability of the merger, conversion or division plan
- restatement of financial statements to achieve compliance with IAS/IFRS, HGB and US GAAP
- accounting advice
- financial due diligence analysis
- auditing services associated with IPO process

Tax&Legal consulting:

- on-going tax advisory
- tax reviews
- assistance in tax and court proceedings
- transfer pricing advice
- representing before tax authorities as well as administrative courts during tax and court-administrative proceedings
- advising on restructuring transactions and mergers and acquisitions

Accounting:

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- maintaining books of account
- maintaining simplified books of account
- HR and payroll services
- preparing reports, analyses and financial statements
- representing Clients before regulators

Business consulting:

- risk management
- internal audit
- optimization of business processes
- enterprises evaluation

Trainings:

- professional accounting and tax training and workshops
- internal training fully tailored to the client's needs

PRINCIPAL OPERATING SECTORS

retail, heavy industry & machinery, IT, construction & development, financial services, investment

LANGUAGES

- Polish (national)
- English
- German

CURRENT PRINCIPAL CLIENTS

AC S.A.
APLISENS S.A.
APS ENERGIA S.A.
ARTIFEX MUNDI S.A.
BOWIM S.A.
CI GAMES S.A.
DATAWALK S.A.
FABRYKA OBRABIAREK RAFAMET S.A.
IQ PARTNER S.A.
KOSZALINSKIE PRZEDSIĘBIORSTWO PRZEMYSŁU DRZEWNEGO S.A
MOSTOSTAL ZABRZE S.A.
MZN PROPERTY S.A.
ONCOARENDI THERAPEUTICS S.A.
P.A. NOVA S.A.
PBS FINANSE S.A.
PCC EXOL S.A.
PCC ROKITA S.A.
PROTEKTOR S.A.
RELPOL S.A.
REMAK-ENERGOMONTAZ S.A.
SOLAR COMPANY S.A
T-BULL S.A.
VISTAL GDYNIA S.A.

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VIVID GAMES S.A.
VOXEL S.A.
WITTCHEN S.A.
ZAKLAD BUDOWY MASZYN ZREMB-CHOJNICE S.A.
ZPUE S.A.

OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

Germany
Luxembourg
Croatia
Romania
Czech Republic
United Kingdom
USA
Cyprus
Russia
Netherlands
Hungary
Austria
France
Norway
Belarus

BRIEF HISTORY OF FIRM

The beginnings of the company reach back to the mid 1990'. UHY ECA S.A. was established as a result of the merger of Auxilium S.A., operating uninterruptedly since 1995, and UHY ECA Group established in 2006. Since 2019, the company's registered office is located in Warsaw at Polczynska 31A. We offer our clients comprehensive support in business development, providing them with services in the field of audit, finance, accounting, legal and tax consultancy and training. Behind the success of our Group is a team of over 150 experts operating in 6 business centers all over Poland. For years, we have been in the TOP 10 best audit companies in Poland according to the prestigious Rzeczpospolita Daily rankings.



Let us help you achieve further business success

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