

Doing business in Poland

2019

Agenda

- 1 Why Poland?
- 2 Poland – Country profile
- 3 How to open a business in Poland in 5 steps!
- 4 Establishing the company
- 5 Taxation: CIT, VAT, other taxes
- 6 Employment Legislation
- 7 Accounting
- 8 How we can help
- 9 About PwC

Agenda

- 1 Why Poland?
- 2 Poland – Country profile
- 3 How to open a business in Poland in 5 steps!
- 4 Establishing the company
- 5 Taxation: CIT, VAT, other taxes
- 6 Employment Legislation
- 7 Accounting
- 8 How we can help
- 9 About PwC

Why Poland?



It is noted that foreign investors are increasingly choosing Poland as a place to invest in, primarily due to the knowledge, experience and commitment of highly qualified employees ready to take on any challenges. From year to year more and more advanced investments from the service sector and research and development area play an increasing role among projects which are being run in Poland. The best examples are companies from the financial and automotive sector. In 2017 direct foreign investments in Poland reached the astronomic amount of EUR 12 bn (comparing to EUR 8 bn in 2016). Projects such as these definitely enrich the investment map of Poland and contribute to the creation of added value for the Polish economy.



The extremely dynamic growth of investments in Poland has been noticed all over the world for many years. Currently, Poland has very high investment potential. We are a dynamically developing market, rich in well-qualified staff with much lower employee costs than most European Union countries. The data provided by the Central Economic Information Center shows that the number of companies with foreign capital in Poland is growing year by year. For comparison, in 2015 6 706 such companies were established of, while in 2018 as many as 7 878. This is good news, because it means that Poland is becoming a more and more attractive location for foreign investors. Such a result places us among the leaders of the European market. It is worth mentioning that Poland has been ranked second among the world's best countries to invest in 2018 by a CEO World magazine, which describes itself as a news site for CEOs, CFOs, senior executives, business leaders, and high net-worth individuals. The ranking covers 67 countries. It was based on 11 different factors including corruption, freedom (personal, trade, and monetary), workforce, investor protection, infrastructure, taxes, quality of life, red tape, and technological readiness. Poland's investment position has been also confirmed by the World Bank Group in the "Doing Business 2018" report, in which Poland was classified at the 27 position when it comes to "Ease of doing business". Also other reports prove that Poland is a good place for investments. Poland took also second place in 2018 year's ranking of investment attractiveness of European countries – according to the Business Journal of the Polish-German Chamber of Commerce and Industry, conducted in cooperation with 13 bilateral chambers in Poland. Poland has maintained the same place since 2016. More than 300 foreign companies operating in Poland and 1.4 thousand investors from other European countries participated in the survey. The authors of the survey have indicated membership in the EU, the quality of personnel, availability of sub-suppliers and better infrastructure as Poland's advantages. It was also pointed out in the survey that foreign investors assess the Polish system of vocational education in a better and better way. The vast majority of entrepreneurs participating in the 2018 business survey positively assessed the current state of the Polish economy as well.

Why Poland?



Poland tempts investors with good economic indicators and a stable economic situation compared to other European countries, fast-growing office facilities with affordable rent rates and young, well-educated staff. Among economic factors, experts mention the GDP index at 5.1% (Q3 2018), low inflation, declining unemployment and a stable situation of the country supported by membership of many international organizations, including the European Union, NATO, OECD, Schengen Area and WTO.



It is worth noting that the Polish authorities are trying to encourage investors with new legal regulations, including those concerning Special Economic Zones. They guarantee investors a number of privileges that definitely make the Polish market more attractive than the competition, including tax exemptions, bonuses for projects directly contributing to the competitiveness and innovation of local economies and, perhaps most importantly, moving away from territorial restrictions thanks to which capital will not have to be located in specific economic zones, which in turn has often been a big downside for foreign enterprises.



Another factor that speaks for the attractiveness of Poland is the recent promotion to the group of developed countries. Poland joined the group of the 25 most developed economies in the world, including Germany, France, Japan or the United States. Thus, it is the first country in more than a decade, which was promoted in the FTSE Russell index to the group of developed markets. Thereby, Poland has become a forerunner in Central and Eastern Europe. As we see, Poland is growing as a perfect place to invest. Investors see the potential of the Polish market and for years they efficiently took advantage of it. All things considered, would you wish to share this potential?

Agenda

- 1 Why Poland?
- 2 Poland – Country profile
- 3 How to open a business in Poland in 5 steps!
- 4 Establishing the company
- 5 Taxation: CIT, VAT, other taxes
- 6 Employment Legislation
- 7 Accounting
- 8 How we can help
- 9 About PwC

Poland – Country profile

Geography



- The Republic of Poland, with an area of 312,679 square kilometers, is situated in Central Europe
- Warsaw is the capital of Poland, the biggest city and the location of the government. Other main cities are: Katowice, Kraków, Wrocław, Poznań, Gdańsk, Szczecin
- The population is around 38.5 million people, Poland is the sixth most populous member state of the European Union
- Poland is a member of NATO, the UN, the World Trade Organization, the Organisation for Economic Co-operation and Development (OECD), European Economic Area, International Energy Agency, Council of Europe, Organization for Security and Co-operation in Europe, International Atomic Energy Agency, European Space Agency, G6, Council of the Baltic Sea States, Visegrád Group, Weimar Triangle and Schengen Agreement

Political system



Poland is a representative democracy, with a president as a head of state. The government structure centers around the Council of Ministers, led by a prime minister

Poland ranks in the top 20 percent of the most peaceful countries in the world, according to the Global Peace Index

Legal system



The Constitution of Poland is the supreme law in contemporary Poland, and the Polish legal system is based on the principle of civil rights, governed by the code of Civil Law

Poland – Country profile



Currency

Polish złoty



Language

- Polish is the official language. It belongs to the Lechitic subgroup of Slavic languages
- The Polish alphabet has 9 additions to the letters of the basic Latin script (ą, ć, ę, ł, ń, ó, ś, ź, ż)
- Dates are written DD/MM/YY or YY/MM/DD. A full stop (period) is used for the decimal comma, and long numbers are written with a point (999,999,999)




Business hours/time zone

- Normal business hours are from 8:00 am to 4:00 or 5:00 pm from Mondays to Fridays. One hour lunch break is generally from 12:00 noon to 1:00 pm. Standard working hours is 40,0 hours per week
- All of Poland is in the same time zone, one hour ahead of Greenwich Mean Time (GMT +1)



Poland – Country profile

 Date	Public holidays
January 1	New Year's Day
January 6	Epiphany
Sunday in Spring (movable)	Easter Sunday
Monday following Easter Sunday (movable)	Easter Monday
May 1	Labour Day
May 3	Constitution Day
7th Sunday after Easter	Pentecost Sunday
9th Thursday after Easter	Corpus Christi
August 15	Assumption of the Blessed Virgin Mary
November 1	All Saints' Day
November 11	Independence Day
December 25	Christmas Day
December 26	Second Christmas Day

Economy



Poland's economy is considered to be one of the more resilient of the post-Communist countries and is one of the fastest growing within the EU. Having a strong domestic market, low private debt, flexible currency, and not being dependent on a single export sector, Poland is the only European economy to have avoided the late-2000s recession. Since the fall of the communist government, Poland has pursued a policy of liberalising the economy. It is an example of the transition from a centrally planned to a primarily market-based economy. The country's most successful exports include machinery, furniture, food products, clothing, shoes and cosmetics. Poland's largest trading partner is Germany.

Agenda

- 1 Why Poland?
- 2 Poland – Country profile
- 3 How to open a business in Poland in 5 steps!**
- 4 Establishing the company
- 5 Taxation: CIT, VAT, other taxes
- 6 Employment Legislation
- 7 Accounting
- 8 How we can help
- 9 About PwC

How to open business in Poland in 5 steps!

The most common type of company in Poland for investors with foreign capital is a **limited liability company** called in Polish: *spółka z ograniczoną odpowiedzialnością* (abbreviation: *sp. z o.o.*)

PwC Tax&Legal helps new investors in Poland in establishing their business presence in Poland. We advise our clients in all the necessary tax and legal steps required to start their business

Please find below 5 key steps necessary to establish a fully operational limited liability company



Preparation of Articles of Association in a form of notarial deed

The Articles of Association have to include some basic information about the company indicated in the Code of Commercial Companies such as: business name, registered office, scope of business activities, the amount of share capital (minimum PLN 5000), nominal value of shares, number of shares taken up by the shareholders, the term of the company if it is defined. To the remaining extent provisions of the Code of Commercial Companies are applicable. However, much of them may be amended by the Articles of Association, therefore, it is crucial to discuss the scope and wording of the Articles of Association with the investor to make them tailor-made



Execution of lease agreement or acquisition of real estate

The company needs to have a registered office in Poland. Therefore, it is important to have a legal title to some office space. The company may execute a lease agreement for its premises (or for a virtual office for the beginning of its business activity) or may acquire real estate. In case of long-term lease agreements it is necessary to have it properly prepared in order to avoid burdensome provisions that cannot be changed later on



Registration in the Polish Court Register

The next step required for the company to become fully operational is a registration with the Polish Court Register. In order to do that a motion should be prepared together with certain attachments and filed with the registry court. Registration by the registry court entails registration for tax purposes and in the Statistical Office



Opening a bank account



Registration for VAT purposes

What you should know?

- Under Polish law a limited liability company is a separate legal person which means that it has its own assets and operates through its governing bodies
- The shareholders are not liable for the company's obligations and their financial risk is limited only to the amount invested in the company's share capital
- The share capital of a company may be financed in whole or in part both by kind as well as by in-kind contributions
- There are two obligatory statutory governing bodies of a company: (i) a management board and (ii) Shareholders' Meeting. A supervisory board is obligatory only when certain conditions are met in terms of the share capital amount and the number of shareholders

Agenda

- 1 Why Poland?
- 2 Poland – Country profile
- 3 How to open a business in Poland in 5 steps!
- 4 Establishing the company**
- 5 Taxation: CIT, VAT, other taxes
- 6 Employment Legislation
- 7 Accounting
- 8 How we can help
- 9 About PwC

Establishing the company

The following capitalized terms shall have the following meanings:

AoA	Articles of Association
MB	Management Board
LLC	A Polish new limited liability company / LLC (Polish: spółka z ograniczoną odpowiedzialnością / sp. z o.o.)
PoA	Power of Attorney
Shareholder(s)	Future shareholder(s) of the LLC
CCC	Polish Commercial Companies Code

Polish law stipulates two ways of establishing a LLC:

- By execution of the AoA in front of a notary public
- By execution of the template of the AoA available through an IT system (via Internet)

This article refers to the standard way of LLC's establishment by executing the AoA in front of a notary public (no. 1 above). Only this way enables the Shareholder(s) to prepare tailor-made AoA for the intended business activity. Concluding the AoA via special IT system (no. 2 above) does not allow to adopt every wording of the AoA but limits the wording to certain options only. These few options of the AoA wording may not be adequate for business activity intended by the Shareholder(s) and corporate governance rules adopted in the Shareholder(s) group. Additionally, in case of establishing the LLC via option no. 2 only cash contributions are allowed. Taking into consideration these limitations relating to option no. 2, foreign entrepreneurs wishing to establish their business presence in Poland often choose to execute the AoA before a notary public which gives them broader flexibility in terms of AoA wording

Shareholder(s) (1-2 weeks)	Shareholder(s) and MB (1-2 weeks)	Completion of LLC registration (2-3 weeks)
<ul style="list-style-type: none"> Gathering the information indicated in Phase 1 Choosing registered office and premises for the intended business activity Drafting AoA and other documents required for LLC establishment Choosing bank providing bank account service Obtaining excerpt from the commercial register for the Shareholder(s). The time to obtain an excerpt depends on the actions taken by the shareholder and the possibilities of the body keeping the relevant register 	<ul style="list-style-type: none"> Execution of AoA Appointment of MB Execution of lease/sublease agreement Opening of a bank account in Poland (including performing "know your customer" procedure) Executing documents constituting attachments to motion for the LLC's registration. The time of collecting the necessary attachments depends on cooperation with the shareholder 	<ul style="list-style-type: none"> Filing of a motion for registration of the LLC in the registry court LLC 's registration with the National Court Register, tax office and Statistical Office Obtaining by the LLC of KRS number (commercial registration number), NIP number (tax identification number) and REGON number (statistical number).

Establishing the company

Part 1: Preparatory phase – information that need to be prepared by the Shareholders

#	Information required	Party Responsible	Comments
1	Full name(s) and address(es) of the Shareholder(s)	Shareholder(s)	Please note that an LLC may not be incorporated by a sole shareholder being a single-member limited liability company
2	Full name(s) and address(es) of the members of the management board of the Shareholder which is a legal person.		With reference to Polish regulations, if any Shareholder is a legal entity, it is required to provide the names and addresses for deliveries of persons appointed to represent the Shareholder. In addition, if the addresses for deliveries these persons are outside the territory of the European Union, it will be necessary to appoint a proxy for deliveries in Poland for each of them
3	Business name of the LLC		The business name may be chosen freely (unless it does not interfere with other existing business names of other entrepreneurs conducting business activity on the same market)
4	Registered office of the LLC		Name of a city in Poland, where the registered office of the LLC shall be located
5	Scope of the LLC business activities		Description of activities to be performed by the LLC should be adjusted to the Polish classification of business activities
6	Amount of the share capital of the LLC along with number and nominal value of shares		The minimum share capital of the LLC is PLN 5,000. The minimum nominal value of one share is PLN 50. The share capital shall be paid up in full before registration
7	Kind of contribution(s) made by the Shareholder(s)		Cash or in-kind contributions
8	Financial year		Financial year doesn't have to coincide with the calendar year
9	Rules of representation of the LLC		Unless the AoA do not provide otherwise and the MB is composed of more than one member, LLC, based on provisions of the CCC, shall be represented by two MB members acting jointly or one MB member acting together with a registered proxy
10	Term of office of the MB members		MB members may be appointed either for indefinite or definite term of office
11	Full name(s) and address(es) of MB members (along with copies of their passports/IDs)		In addition, if the addresses for deliveries of MB members are outside the territory of the European Union, it will be necessary to appoint a proxy for deliveries in Poland for each of them
12	Supervisory Board		Supervisory board is not an obligatory corporate body of LLC, unless LLC share capital exceeds PLN 500,000 and there are more than 25 shareholders
13	Intended date of commencement of business activity by the LLC		
14	Place and business name of an entity responsible for keeping LLC books and documentation (if any)		
15	Information on bank for the LLC's bank account		The bank account may be opened after the AoA are executed or after the LLC is registered In case of LLCs with relatively high share capital it is recommended to open the bank account before filing a motion for LLC's registration. Members of the MB signing statement that the contributions towards the LLC share capital have been made in full by all shareholders are liable for correctness of such statement
16	Excerpt(s) from a relevant commercial register(s) maintained for the Shareholder(s)		Excerpt shall be legalized/apostilled if obtained outside of Poland

Establishing the company

Part 2: Execution phase

#	Information required	Party Responsible	Comments
1	AoA of the LLC	Shareholder(s)	The AoA should be executed in the form of a notarial deed. As of the moment of signing of the AoA, the LLC in organization is established. The LLC in organization may acquire rights and undertake obligations which will be transferred automatically to the LLC after its registration. AoA may be executed by a proxy appointed by Shareholder(s). PoA to execute AoA should be executed also in a form of a notarial deed (and legalized/apostilled if executed outside of Poland).
2	Statement(s) of member(s) of the LLC MB on address(es) and consent to the appointment		
3	Statement(s) of member(s) of the LLC MB on not having PESEL No.	MB	Only if the MB members are not the polish citizens and not have a PESEL No. (Polish Resident Identification Number).
4	Statement of the LLC MB on payment of contributions by all shareholders of the LLC MB		The statement should be signed by all members of the LLC MB. It should be executed after receiving a confirmation from the Shareholder(s) on the payment of the contribution(s).
5	List of shareholders of the LLC		This document should be signed by all members of the LLC MB.
6	List of persons authorized to appoint members of the NewCo's Mb		This document should be signed by all members of the NewCo's MB.
7	Register of shares of the LLC		This document should be signed by all members of the LLC MB.
8	Information on the sole shareholder of the LLC (if applicable)		
9	Copy of lease/sublease agreement		

Part 3: Registration phase

#	Information required	Party Responsible	Comments
1	Registration of the LLC with the National Court Register	MB	Within six months after the execution of the AoA, a motion for LLC registration should be filed with the Polish National Court Register. Motion should be signed by all members of the LLC MB or by attorney-at-law appointed by the MB After LLC registration with the National Court Register, NIP number and REGON number are assigned automatically
2	Updating information regarding LLC in tax office		LLC should also file NIP-8 application form to update information about the LLC in tax office (such as LLC's bank account, place of holding accounting documents etc.)
3	Registration for VAT purposes		After registration with the National Court Register, the LLC should also file a VAT-R application to register itself as a VAT payer (if applicable)

Costs connected with establishing LLC

- Notarial fee for preparing the AoA in the form of a notarial deed: it depends on the amount of the LLC share capital but not more than 10.000,00 PLN
- Tax on civil law for preparing the Articles of Association which is collected by a notary together with a notarial fee
- Charge for registration of the LLC in the National Court Register: 600,00 PLN

Agenda

- 1 Why Poland?
- 2 Poland – Country profile
- 3 How to open a business in Poland in 5 steps!
- 4 Establishing the company
- 5 Taxation: CIT, VAT, other taxes**
- 6 Employment Legislation
- 7 Accounting
- 8 How we can help
- 9 About PwC

Taxation in Poland

Corporation Income Tax



General Information

A company (legal entity) that is a resident in Poland for tax purposes is subject to corporate income tax ("CIT") on its worldwide income. A non-resident company is liable to CIT only on income generated in Poland. Taxation of non-residents may be further limited, if the non-resident's home country has concluded a Double Tax Treaty with Poland.

A company is considered as a Polish resident if its registered office or management is located in Poland. Thus, Polish subsidiaries of foreign companies are treated as residents of Poland for CIT purposes.



CIT rate

The CIT is collected at a flat rate of:

1. 19% or
2. 9% for incomes other than from capital gains (if the taxpayers as regards which the revenues earned in a tax year did not exceed an amount denominated in PLN being the equivalent of EUR 1,200,000 converted at the average euro exchange rate announced by the National Bank of Poland as at the first business day of the tax year, rounded off to PLN 1,000) for:
 - Taxpayers that have a status of a small taxpayer (i.e. taxpayer whose value of sales revenue – including the amount of VAT due – did not exceed in the previous fiscal year, the amount corresponding to the equivalent of EUR 1.2 million, expressed in PLN)
 - Taxpayers that started their business activity, if foundation of the Company was not a result of transformation or merger (in the first tax year)

9% rate does not apply to tax capital groups and companies under division

In addition, the 9% rate cannot be applied also to taxpayers contributing in the form of an enterprise, its organized part or its assets, if their value exceeds the equivalent of EUR 10,000, as well as in a situation where the contribution concerns assets acquired by a taxpayer in connection with the liquidation of entities in which it held shares

CIT rates – 19% and 9% (if the requirements are met)

Filing obligations

- > Companies are required to submit an annual CIT-8 return within 3 months of the tax year end via electronic communication
- > CIT is payable in monthly instalments by the 20th day of each month for the preceding month
- > Small taxpayers, i.e. companies, whose gross sales revenue including output Value Added Tax in the previous tax year was less than EUR 1,200,000 may pay in quarterly instalments. The quarterly method of CIT settlement may also be applied by companies starting their business activity, but only in their first tax year. In the following periods they would have to pay CIT on a monthly basis, unless they are small taxpayers
- > Additionally, provided that certain conditions are met, taxpayers may apply a simplified method of CIT payment, i.e. equal to 1/12 of due CIT stated in the tax return for the previous tax year. If no due CIT was revealed, taxpayers may pay monthly instalments equal to 1/12 of due tax resulting from a tax return submitted in a tax year preceding the current tax year by two years

Taxation in Poland

20th day of each month for the preceding month – CIT is payable

Tax base

The tax base is constituting of the total income earned on the capital gains and of the total income earned from other revenue sources

The starting point is in accordance with generally accepted accounting principles, with certain statutory adjustments. Some of the most common adjustments are:

- | | |
|---|---|
| ➤ Representation and entertainment expenses | ➤ Expenses not incurred with the purpose of generating or securing taxable revenues |
| ➤ Tax penalties and budget interest | ➤ Unpaid interest |
| ➤ Donations | ➤ Accruals |
| ➤ Income taxes paid in Poland and abroad | ➤ Unrealized foreign exchange gains and losses |

Deductibility limitations for car fleet costs:

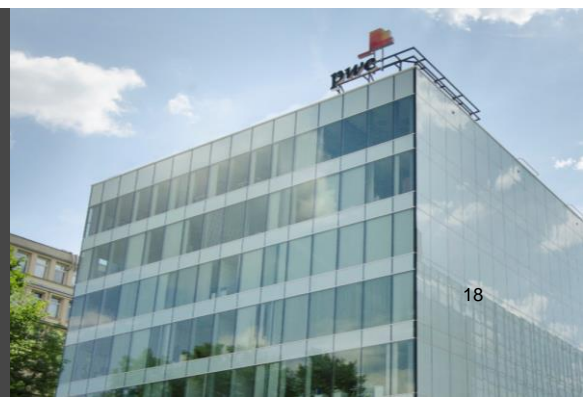
1. Maximum passenger car value, that can be accounted to tax deductible cost is PLN 150.000 (PLN 225.000 if car has electric engine). If the passenger car value is higher, the maximum amount that can be accounted to tax deductible costs is calculated as proportion of PLN 150.000 in the car value during booking invoices. When entrepreneur is an active VAT taxpayer, the car value includes the net value and 50% of input VAT amount. This means, that this rule will affect cars with a value higher than PLN 134.529

This rule concerns all kinds of using passenger cars:

- Leasing
 - Amortization
 - Short-term and long-term car rent (the car value has to be known each time)
2. The above changes are valid also for passenger car insurance.
 3. 75% limitation of tax deductible expenses for maintenance and using a car

*If company is using the passenger car for business and private purpose, the expenses: fuel, spare parts, repairs etc. are treated as a tax deductible up to the limit of 75%. The part of these costs that exceeds this limit is not deductible.

*If company intends to use passenger car only for business purpose, it is possible to treat 100% of expenses for maintenance and using a car as tax deductible costs. In order to benefit from this possibility, there is a need to submit this information to the tax office and keep records of the vehicle's mileage.



Taxation in Poland



Limitation of debt financing costs (thin capitalization)

According to Article 15c of the CIT Act, if debt financing costs (primarily interest) exceeds 30% of the so-called “tax EBITDA” they cannot be treated as deductible for the tax purposes. However, this limitation does not apply to the surplus of debt financing costs in part not exceeding PLN 3 million in a tax year.

The “tax EBITDA” is defined as surplus of the total revenues from all sources reduced by the revenues from interest over the total deductible costs reduced by the value of depreciation and amortization write-offs as well as debt-financing costs not included in the initial value of tangible or intangible assets.

The non-deductible part of debt financing costs may however be deducted during the 5 consecutive tax years, in accordance with the applicable limits.

Debt financing costs are understood quite broadly. They include all costs associated with obtaining and using funds from other entities - including unrelated entities - in particular:

- interest, including capitalized or included in the initial value of a tangible or intangible asset,
- fees,
- commissions,
- bonuses,
- the interest part of the lease instalment,
- penalties and charges for late payment of liabilities
- costs of securing liabilities, including costs of derivative financial instruments.



Deductibility of certain intangible services and fees for use of intangible values

According to Article 15e of the CIT Act, the deductibility of costs of certain intangible services is limited to the 5% the so-called “tax EBITDA”. However, this limitation applies only to the surplus of intangible services costs exceeding PLN 3 million in a tax year.

The “tax EBITDA” is defined similar as for the purposes of debt financing costs limitation, as surplus of the total revenues from all sources reduced by the revenues from interest over the total deductible costs reduced by the value of depreciation and amortization write-offs and interests. However, for the purpose of calculation of “tax EBITDA”, the deductible costs should not be reduced by debt-financing costs other than interests.

The non-deductible part of intangible services costs may however be deducted during the 5 consecutive tax years, in accordance with the applicable limits.

This limit applies only to services purchased from:

- related parties - directly and indirectly and
- companies from countries and territories admitting detrimental tax competition.

The following services are subject to the limitation:

- advisory;
- market research;
- advertising;
- management and control;
- data processing;
- insurance;
- guarantees and sureties,

as well as services of a similar nature to the aforementioned services.

Taxation in Poland

Furthermore, the limitation applies also to all kinds of fees and charges for use or the right to use rights or certain intangible values (such as copyrights, licenses, IP rights and know-how)

The discussed limitation does not apply to, among others:

- legal services, accounting, employee recruitment and personnel acquisition,
- costs of the services, fees and receivables directly related to the production or purchase of goods, as well as to the provision of services.

Losses

Tax losses may be carried forward and utilized over five consecutive tax years, however, in any particular year no more than 50% of a loss may be deducted and the deduction cannot exceed 5,000,000 PLN in one year. Thus, the minimum period in which a tax loss carried forward may be utilized is two years.

Tax losses resulting from a specific source of revenue (capital gains or other revenue sources) can only be deducted from incomes from the same source of revenue.

Tax reliefs

1. Research and development tax relief (R&D)

1) R&D Tax relief (see attached alert for more details)

Every Company performing R&D works can benefit from R&D tax relief which allows to make an additional deduction of R&D costs from the tax base.

Since 2018 value of additional deduction was increased and now amounts 100%. The relief enables for achievement of a real financial benefits for all entrepreneurs leading R&D works, regardless of the industry they operate in.

A few key issues from the R&D point of view:

- The R&D tax relief enables for qualifying the projects that are currently in progress – e.g. projects that started in the past years
- The R&D tax relief does not require keeping the record with respect to the projects, but with respect to the types of costs only
- The result of the research conducted does not matter
- The act does not limit the commercialization methods and the utilization of the R&D works results. Those can therefore be used in the company's own activities, as well as can be distributed to the other entities in the group, or to the external entities
- The benefits will also be available to enterprises who during a tax year operate in the Special Economic Zone on the basis of a permit, as well as the ones benefiting from exemption on the basis of Decision on Support, in relation to eligible costs which do not constitute operating costs covered by this permit

Costs qualified for deduction:

- Remuneration and employee contributions in the part financed by the payer, as well as those related to services resulting from task specific contracts and contracts of mandate (since 2018), if those charges and contributions are related to the employees conducting research and development activities

Taxation in Poland

- Acquisition of materials and raw materials directly related to the research and development activities Acquisition of specialized equipment other than fixed assets, in particular laboratory vessels, utensils and measuring equipment
 - Use of the research equipment utilized exclusively in the research and development activities, on condition that the use of such an equipment is not a subject of the contract with an entity related to the taxpayer
 - Expertise, opinions, advisory and equivalent services, acquisition of R&D results performed by the scientific units, based on the contract with a research unit, for the purpose of the research and development activities
 - Depreciation of fixed assets and intangible assets used in the research and development activities, excluding the cars, buildings and properties being a separate possession
 - Costs of obtaining patent rights for an invention, protection rights for utility model, registration of the industrial design incurred on, for example, preparation of the application documentation, conduct of the proceedings by the Patent Office or the related periodic fees
-

2) Grant for investment in R&D infrastructure

Measure 2.1, Operational Programme Smart Growth

Under this measure, funding may be obtained for investments in R&D infrastructure (e.g. buildings, equipment and other fixed assets) for research and development activities.

The next call for proposals will take place from 11 March to 30 April 2019.

Support is also available for large entrepreneurs. The minimum project value is at least PLN 2m (~ EUR 470 k).

Intensity of support in the Company's area amounts to 35% of eligible costs.

We already have a lot of positive experience with this measure. From the point of view of the application documentation, the most important is the so-called research agenda, i.e. the plan of R&D works to be carried out thanks to the investment within the period of 5 years.

If you are considering the development of your current R&D activity in Poland, it is worth considering to apply under this measure. So far it has been one of the most attractive programmes for large companies. What is more, the potential grant will not be cumulated with any potential funding available for operational costs of R&D projects (see below) – the Company can successfully combine both types of grants.

3) Grants for R&D projects

Submeasure 1.1.1, Operational Programme Smart Growth (so called: Fast Track)

Support is awarded to projects involving R&D works and leading to new or significantly upgraded product, service or technology. Support for large enterprises is usually around 40-50% of R&D project costs (depends on the project structure). Main eligible costs categories for R&D projects are OPEX costs such as: employment costs, subcontracting costs, other operating expenses such as depreciation and materials.

Next application call will start on April 1 and will last until July 1, 2019.

Value of R&D project costs must amount at least PLN 5 m (~ EUR 1,15 m).

Taxation in Poland

In order to get such grant the Company must submit an application during the open call and then go through the assessment procedure which include verification of the project innovation (at least at the level of the country) as well as profitability and the feasibility of the Company's resources.

2. IP BOX (Innovation box) – tax relief

Preferential tax rate 5% (instead of 19%) on qualified incomes from intellectual property such as:

- Right to an invention patent, including supplementary protection certificate
- Protection rights to utility model
- Right to industrial design registration
- Integrated circuits topography
- Right to registration of medicinal / veterinarian product
- Copyright for computer programs

The taxpayer is entitled to benefit from the Innovation box only in the case the subject of the abovementioned rights was created within the taxpayer's R&D activities. The companies have to prove that they have completed a significant part of R&D works on their own or have acquired services related to R&D works from unrelated entities.

The company can apply for the tax relief as long as the protection of intellectual property right lasts (e.g. for patents max. 20 years).

3. Special Economic Zones – Decision on Support (DoS)

State aid is provided to investors in form of the exemption in the income tax for the implementation of a new investment.

Income tax exemptions are available for investments located anywhere in Poland. The investment does not have to be located in the area covered by the SEZ status.

The right to use the tax exemption is due in a 10-, 12- or 15-year period depending on the location 15 years always apply in case of investments implemented within the area of current SEZs.

Investment eligibility evaluation is based on:

- Quantitative criteria
- Qualitative criteria

Quantitative criteria – minimum value of investment expenditures necessary for the investor to incur. This value depends on the unemployment rate in the area in which the investment will be located and the size of the enterprise. The preferences are envisaged for micro, small and medium enterprises as well as investments in the field of modern business services or research and development (R&D) activities and investments located in particular areas (preferred towns)

Taxation in Poland

Unemployment rate in poviats as % national average	Minimum eligible costs in PLN million (depending on the size of the enterprise and nature of the investment)			
	Large	Medium	Small / Investment in modern business services or R&D activities	Micro
<60% national average	100	20	5	2
From 60% to average	80	16	4	1.6
From average to 130%	66	12	3	1.2
130% -160%	40	8	2	0.8
160% - 200%	20	4	1	0.4
200% - 250%	15	3	0.75	0.3
>250% or an investment in one of the 122 preferred towns or municipalities bordering these towns	10	2	0.5	0.2

Gaining the income tax exemption by the investor due to implementation of a new investment requires him to meet numerous quality criteria. Some of them remain common for all types of investment projects, and some of them are intended for evaluation only for industrial projects and for service projects.

Common criteria for all projects:

- Investments in projects supporting industries in line with the current development policy of Poland (sectors: high quality food, means of transport, professional electrical and electronical devices, aerospace and aviation, pharmaceutical, hygienic products and medical components, machine industry, recovery of raw and new materials, eco-architecture, specialized services, and ICT) and Regional Smart Specialization
- The level of export sales (the share of sales for export in net sales revenues >23.1% (2017))
- Running R&D activities
- Support for micro-, small and medium enterprises (the investor belongs to the SME sector according to EU rules)
- The location of the investment (in one of the 122 preferred cities or municipalities bordering them or in poviats where the unemployment rate is above 160% of the national average)
- Small negative impact of the investor's economic activity on the environment
- Support for new employees in gaining education and professional qualifications and cooperation with industry schools
- Undertaking activities concerning the employee care

Taxation in Poland

Additional criteria for industrial projects:

- Creating highly specialized jobs and offering stable employment under a contract of employment
- Belonging to a Key National Cluster

Additional criteria for service projects:

- Creating highly-paid jobs and offering stable employment under a contract of employment
- Creating a center of modern business services with a range extending beyond the territory of the Republic of Poland

Minimum number of points in qualitative criteria is from 4 to 6 points out of 10 possible.

Minimum number of points depends on the investment location – investments in less developed voivodeships are preferred.



Transfer Pricing

Transactions between related parties should be conducted in accordance with the arm's-length principle.

The Polish transfer pricing regulations (including CIT Law) provide for specific detailed requirements for statutory transfer pricing documentation.

Materiality thresholds for particular kinds of related parties transactions are as follows:

- Net value PLN 10 million for commodity transactions
- Net value PLN 10 million for financial transactions
- Net value PLN 2 million for services transactions
- Net value PLN 2 million for transactions other than specified in the points 1-3

Deadlines:

- 9 months after the end of the tax year for CIT-TP (TP-R)
- 9 months after the end of the tax year for local documentation
- 12 months after the end of the tax year for preparing the master file (master file can be filled in English)

As of January 1, 2019, there are significant adjustments of tax authorities rights to question transactions with related parties - tax authorities will have the power to re-characterize or even disregard (treat them as if they were never performed) related parties transactions, if tax authorities would conclude, that unrelated parties would not perform declared transaction under conditions applied by related parties or would perform different kind of transaction.

Taxation in Poland



Withholding Tax

The general withholding ("WHT") rate for dividends is 19%. Payments made by Polish residents to foreign entities (non-residents) as a consideration for intangible supplies (such as consulting or management services) are subject to 20% WHT rate. The same WHT rate is applicable to interest and royalties paid to non-residents.

These WHT rates may also be reduced (in respect to dividends) or avoided (in respect to intangible services) by specific provisions of Double Tax Treaties concluded by Poland and the respective countries.

WHT is payable in monthly instalments by the 7th day of each month for the preceding month.

Companies are required to submit an annual CIT-10Z return within 1 month of the tax year end via electronic communication.

Starting from 30.06.2019, if payments will not exceed PLN 2 million per annum per supplier:

- Tax payer is entitled to apply reduced WHT rate or avoid WHT based on Agreements on avoiding double taxation
- Tax payer is entitled to avoid WHT from transactions between related entities, if it possess written statement from the recipient of payments confirming that the conditions required to apply a WHT exemption meet requirements based on The Directive

Starting from 30.06.2019, if payments will exceed PLN 2 million per annum per supplier:

- Tax payer is not entitled to apply reduced WHT rate or avoid WHT and should pay 19% or 20%
- Tax payer is able to use preferential options (certification process and, with regard to The Directive, formal opinion)

*Certification process is a new mechanism, that will allow tax payers to not withhold tax, if the tax payer submits a statement confirming that:

- Company possesses certificate of residence
- Company is not aware of any circumstances which speak against granting tax exemption and such verification was done with due diligence
- Statement has to be signed by member of the board (not proxy)
- Statement is valid from day of submission to the Tax Authorities and in 2 next months
- It should be prepared and send to the tax Authorities not later than on the day of payment being a subject to WHT
- For each supplier should be submitted separate statement

*Formal opinion:

- Is a process in which taxpayer of WHT could apply to the tax authorities for an opinion
- Opinion concerns only interest and royalties from related entities
- Received opinion confirms that tax may not be withheld
- The opinion shall be issued by Tax Authorities within 6 months from date of application and is valid for 36 months
- Application for the opinion shall be subject to fee of PLN 2,000
- It is based on Directive

Taxpayer shall have the right to claim for a WHT refund:

- WHT refund procedure will be similar to current WHT claims, requiring:
 - Extensive analysis of source documents
 - Collection of additional documentation (certificate of residence, bank statement, etc.)
- Refund application will need to be submitted by means of electronic communication
- Refund procedure should be completed within 6 months

Taxation in Poland



Exit tax

The exit tax, officially referred to as the tax on unrealized gains, will apply to companies that choose to change their tax residence or transfer assets (including enterprise or organized part of an enterprise) to another country as a result of which Poland will lose in whole or in part right to tax income from the disposal of those assets.

- The provisions regarding exit taxation are also applicable to free of charge transfer of the ownership over the assets to another company being Polish tax resident or contribution of assets when Poland loses rights to tax such transaction
- Generally, transactions which result in temporary (up to 12 months) transfer of assets are exempt from exit taxation
- Exit tax rate is 19% of the tax base. Taxpayer may apply to spread payment of exit tax over 5 years, as long as it is not aimed at tax avoidance. The tax base will be the sum of company's hypothetical gain calculated as the difference between the market value of particular transferred asset and its tax value (non-amortized costs of the acquisition). When organized part of enterprise / enterprise is transferred, the income from unrealized gains concerns the whole enterprise (or its organized part)
- There is a possibility to credit foreign exit tax paid by the taxpayer in other country. Taxpayers are obliged to file tax return concerning amount of exit tax until the 7th day of the month following the month in which the unrealized gains were generated



Increasing share capital

The regulation will apply for financial year starting after 31.12.2019.

Entities shall be allowed to recognize as tax deductible cost the interests calculated in special way related to:

- Retained profits
- Contribution to equity

The deduction is calculated in the following way: cost base (contribution to equity and retained profits) is multiplied by NBP reference rate plus 1%.

Additional deduction cannot exceed PLN 250 000 per year. The deduction is applicable if equity is not returned within 3 years.

It is incentive to increase the capital instead of taking the loan from mother company.



Virtual currencies

- Income derived from an exchange of e-currencies for other currencies / goods / services / intangible assets pertains to "capital basket"
- Exchange between e-currencies is tax neutral
- Losses from sale of e-currencies cannot be deducted
- Standard tax rate (19%) applies
- Only expenses directly connected to purchase of e-currencies shall be tax deductible costs
- Expenses related to exchange between e-currencies are non-tax deductible

Value Added Tax

Corporation Income Tax



General Information

The system of Value Added Tax ("VAT") in Poland is essentially similar as that used in the rest of the EU.

VAT is levied on supplies of most goods and services. Entrepreneurs conducting activities subject to VAT should register as VAT taxpayers. In general, VAT is reported on a monthly basis, but some small taxpayers may also opt for a quarterly reporting period. Most taxpayers are obliged to prepare and submit SAF-T files without a request from the tax authorities. Businesses conducting intra-Community transactions or transactions involving sensitive goods are also obliged to submit additional VAT returns reporting such transactions.

There are certain exemptions when input VAT may not be deducted, i.e. on gastronomy or hotel expenses, or may only be partially deducted (i.e. on expenses for operation or use of passengers cars).



VAT rate

Since January 1, 2011, the VAT rates are 23% (standard rate), 8%, 5%, 0% and exemption

Basic VAT rate is 23%



Filling obligations

Companies are required to submit a monthly VAT-7 return and SAF-T till the 25th day of each month for the preceding month end via electronic communication.

VAT is payable in monthly instalments by 25th day of each month for the preceding month.



Refunds

According to the Polish VAT rules, when input VAT (available for deduction) exceeds output VAT, a taxpayer is entitled to a direct refund. The standard refund period for entities registered for VAT purposes in Poland is 60 days



Standard Audit File – Tax

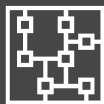
As of January 1, 2018 all taxpayers are obliged to submit on a monthly basis to the tax authorities Standard Audit File for Tax (SAF-T, in Polish: Jednolity Plik Kontrolny – JPK) containing information about VAT records (JPK-VAT), which is treated as a regular evidence for the purposes of tax control activities.

As of July 1, 2018 all taxpayers are obligated to submit the following JPK Structures (SAF-T File structures) on demand of the tax authorities during any tax proceedings, verification proceedings, customs and tax audit:

- Company's accounting books – JPK_KR
- Company's bank statements – JPK_WB
- Warehouse – JPK_MAG
- VAT sale invoices – JPK_FA

SAF-T is an international standard for electronic exchange of reliable accounting and tax data for VAT Registers

Value Added Tax



Split payment

Split payment is a mechanism where for each of a company's bank accounts there is additional bank account created solely for VAT purposes. When a company's contractor decides to pay for an invoice with the use of the split payment mechanism, the net amount is being transferred to the standard bank account and the VAT amount is being transferred to the bank account dedicated for VAT purposes. Money available on the VAT account can only be used for VAT payment to the company's vendors or for payment of VAT liabilities to the tax authorities. **Currently split payment is facultative, however according to the planned amendments, for industries where the reverse charge mechanism currently applies it will be obligatory** (for example: sale of scrap metal, provision of construction services as a subcontractor, sale of specific electronic devices). Please note that the implementation of the described amendment is not certain yet – it depends on the decision of the European Commission; On January 23, 2019, the European Commission published a draft of a derogation decision enabling the Republic of Poland to introduce a mandatory split payment mechanism for selected goods and services. The project assumes that Poland has the right to use obligatory split payment in the period from March 1, 2019 to February 28, 2022. Below we present the most important information resulting from the draft derogation decision:

- The obligatory split payment will apply only to transactions made between taxpayers (b2b), which are subject to vat in Poland
- The obligation to use the split payment mechanism will cover selected goods and services (discussed in more detail below)
- The obligatory split payment will only cover transactions settled by means of bank transfers
- Foreign entities settling transactions by means of bank transfers subject to vat in Poland will be obliged to open a bank account in Poland
- New invoice layout requirements will be introduced in order to mark an invoice documenting delivery of goods / services subject to the mandatory split payment method

According to the annex to the draft derogation decision, the split payment mechanism can obligatorily be applied to 152 product and service groups defined in accordance with the Polish Classification of Products and Services (PKWiU) from 2008, among others:

- Steel products, precious metals, non-ferrous metals
- Waste, scrap, recyclable materials
- Electronics – e.g. processors (CPUs), smartphones, telephones, tablets, netbooks, laptops, game consoles, inks, toners, hard drives
- Fuels for driving cars, heating and lubricating oils
- Greenhouse gas emission rights
- Construction work
- Coal
- Trade of parts for cars and motorcycles

Significant doubts arise with respect to the sale of parts for cars and motorcycles. In addition to selectively indicated commodity groups (e.g. parts for gasoline engines, batteries, spark plugs, starters), the annex also covers certain types of activities, such as wholesale and retail sale of parts for cars and motorcycles.

With such a wide variety of activities mentioned in the annex, it can be argued that the sale of any parts for cars and motorcycles, in the whole distribution chain (apart from the sales to the final customer – consumer), will be subject to the mandatory split payment mechanism. It can have a huge impact on car and motorcycle parts business, both on the part of OEM manufacturers, large parts distributors, automotive wholesalers, and even dealerships and auto repair shops supplying parts as part of a B2B relationship.

The Ministry of Finance announced that it plans to introduce the mandatory split payment mechanism in mid-2019. Currently, there is no draft national legislation available in this regard yet.

Value Added Tax



Bad debts relief

A taxpayer may correct the tax base and the output tax on the supply of goods and the provision of services in the territory of the country in the case of receivable debts the uncollectability of which was plausibly demonstrated.

Legal provisions of the Polish Goods and Services Tax Act list when a receivable debt can be recognized as uncollectable. The uncollectability of a receivable debt can be deemed plausible in the case when the receivable debt has not been paid or transferred in any form within 90 days from the lapse of the time limit for the payment thereof, as specified in the contract or in the invoice.

At the same time, a debtor is obligated to correct the deducted tax amount resulting from an invoice if the amount due resulting from the invoice, documenting the supply of goods or the provision of services in the territory of the country, is not paid within 90 days of the expiry of the time limit for payment set forth in the contract or in the invoice.

Please note, that although the time limit was 150 days until December 31, 2018, the new, shorter time limit is also applicable to the receivable debts, that occurred prior to January 1, 2019 but the uncollectability of which will be deemed plausible in 2019.

Please find below planned amendments in VAT provisions for 2019. Please also be informed that below listed amendments are currently at the legislation stage and they still might be a subject to change:

1. Obligatory online cash registers – for some industries, the taxpayers will be obliged to use cash registers with online connection, for example: car repair services, sale of fuel, gastronomic services, medical, law and construction services. However, the new regulations were not enacted yet, and the date of implementation of these regulations is not known.
2. New template of VAT rates – the amendment provides a new list of goods and services taxed with lower VAT rate (8% or 5%). Goods subject to a lower VAT rate will be classified basing on the CN classification instead of currently used PKWiU classification. The amendment applies mainly to the taxpayers currently applying lower VAT rates and it is planned for implementation in 2020, however starting from April 1, 2019 a taxpayer can apply for a "WIS" – binding rate information,,.
3. Liquidation of the VAT-7 return – all necessary data will be included in the SAF-T file and the taxpayer will be not obliged to prepare and submit a separate document. Please be informed that the structure of SAF-T file will probably be changed. According to the project of this amendment it will become effective from July 1, 2019.

Other taxes and incentives



Excise duties

Excise is levied on the production, sale, import and intra-community acquisition of “excise goods” which are enumerated in the excise duty law and include, among others, alcohol, cigarettes, energy products (e.g. petrol, oils, gas), electricity and raw tobacco. In addition excise duty is levied on the import and intra-Community acquisition of passenger cars in Poland as well as in case of the first sale of a passenger car which was not yet registered in Poland if it was manufactured in Poland.

Excise duty rates depend on the type of excise good and may be of the following types:

- An amount per unit
- A percentage of the maximum retail price
- An amount per unit and a percentage of the maximum retail price
- A percentage of the taxable base

Excise duty law indicates various exemptions from excise duty



Customs duties

Customs duty is levied on the importation of goods from outside the EU to Poland or another EU country. Once the relevant customs duty is paid in any of the member states, the imported goods can be circulated within the whole EU with no further customs restrictions.

Based on the EU customs duty tariff, the standard customs duty rates vary and depend on the classification of the imported goods.

On May 1, 2019, the provisions of the EU Customs Code will come into full force. Among many changes and simplifications that will affect the Companies importing goods on the territory of the European Union, there are regulations which are interesting especially for the two groups of the Companies which are:

- **Using cash-free VAT settlements (art. 33a of Polish VAT Act) and:**
 - Do not have an AEO status or a permit for a customs simplified procedure
 - Are cooperating with customs agencies in the form of direct representation
- **Performing customs clearance based on the authorization issued to the customs agency and using special procedures** (such as: inward processing and passive processing, temporary admission, end-use, bonded warehouse)

Cash-free VAT settlements (art. 33a of Polish VAT Act)

A condition for the application of art. 33a of the VAT Act is to perform customs clearance under the simplified customs procedure. Currently, if an importer does not have permission to use such a procedure, it is possible to use the permission of his representative (customs agency), regardless of the form of representation (direct or indirect). From May 1, 2019, the use of the direct representative's permission will no longer be possible.

As a consequence, companies that do not possess the AEO status or a permit for a simplified procedure, in order to continue using the simplified procedure and art. 33a of the VAT Act, should change the content of the authorizations granted to their customs agencies to act as indirect representatives.

In practice, this may result in the need to change the model of cooperation with customs agencies and the agreements concluded with them.

Simplified procedure and special procedures

According to the regulations being introduced, **the holder of a permit for a simplification in import and the holder of a permit for the special procedure must be the same person.**

In practice, this may mean that companies operating through customs agencies (and using their permits for simplification) will have to abandon special procedures or simplifications until obtaining their own permits. For companies using the cash-free VAT settlement procedure (art. 33a of the Polish VAT Act), resignation from the simplification may mean the necessity of resigning from this benefit.

Other taxes and incentives



Civil law activities tax

Civil law activities tax ("CLAT") is levied on certain contracts and amendments to such contracts if they result in an increase in the base of CLAT, such as:

- Contracts of sale and exchange of things and property rights (if not subject to VAT)
- Loan agreements
- Foundation deeds of a partnership or company

However, a transaction is out of scope of CLAT if at least one of the parties to the transaction is subject to or exempt from VAT, with some exemptions (e.g. sale of real estate, sale of shares). The CLAT rate depends on the type of contract, i.e. loans are subject to a 2% CLAT rate (except for loans granted by shareholders to a capital company), acquisition of shares is subject to a 1% CLAT rate and increase in a company's share capital is subject to a 0.5% CLAT rate.



Real estate tax

In Poland real estate tax ("RET") rates are determined by municipalities within limits specified by the Law on Local Taxes and Fees. In 2019 land related to business activity is subject to RET at a max. rate of PLN 0,93 (approx. EUR 0,22) per square meter, while buildings related to business activity are subject to RET at a max. rate of PLN 23,47 (approx. EUR 5,46) per square meter of usable area. Additionally, constructions related to business activity are also subject to RET at a 2% rate and the tax base is the their value.

The Law on Local Taxes and Fees provides for certain tax exemptions and a possibility for the municipalities to introduce additional tax exemptions *i.a.* for new investments.

From 2019, **commercial real estate tax** will be paid by owners of buildings (of the value exceeding PLN 10 million) which derive income from rental – regardless of the type of building. Thus, also office buildings, even those used mainly for the needs of owner, will be subject to taxation.



Donations and inheritance Tax

Gifts and inheritances of Polish property are subject to taxation. The PIT taxpayers are their beneficiaries. The tax is levied on the market value of the property less debts and related expenses. Inheritance tax rates vary from 3% up to 20%, depending on beneficiary's classification. A part of the inheritance is tax exempt

Other taxes and incentives



Mandatory Disclosure Rules

The Poland-specific Mandatory Disclosure Rules (hereinafter: “MDR”) regulations are effective from January 1, 2019.

They obligate taxpayers to report to the National Tax Administration tax schemes where such taxpayers act as Promoters, Supporters or Beneficiaries as those terms are defined in the law.

Specific obligations differ depending on the role of the taxpayer. Failure to report or other non-compliance may be connected with fines, up to PLN 10 million with respect to entities and at the same time up to PLN 20 million with regard to individuals responsible for such non-compliance.

Tax schemes subject to reporting are defined in a very broad way. Importantly, some arrangements where no tax benefit arises may be covered. Additionally, tax schemes may be of purely local nature (without international context) and may relate to any tax, including VAT.

It should be pointed out that new regulations require the reporting of:

- Cross-border tax schemes, in relation to which the first activity related to their implementation was made after 25 June 2018
- Domestic tax schemes, in relation to which the first activity related to their implementation was made after November 1, 2018

However, in the above cases the reporting obligation was postponed until June 30, 2019.

At the same time, reporting obligation regarding tax schemes shared or implemented after January 1, 2019 arises within 30 days from the date the scheme is shared or implemented.

Our Tax advisors will be happy to discuss this matter with you and to present our approach in more detail.



Collective entity liability

The significant amendment of regulation regarding the liability of collective entities is during legislation process.

- Every capital companies and partnerships will be subject to collective entity liability
- The collective liability applies to whistleblowers regulations breach and all kinds of offences and tax offences that were committed:
 - With regard to company's business activity, due to company's governing body or personnel actions/failure to effect actions
 - By cooperators, when the company gain financial advantage from the offence
- The collective entity liability for its personnel and cooperators offences can be avoided when:
 - There were no guilty of the company in election or supervision processes
 - There were no organizational irregularities in the company (e.g. lack of effective procedures, lack of allocation of responsibilities, no compliance department, knowledge about irregularities)
 - Procedural issues
- Penalties under collective entity responsibility rules:
 - Financial penalties up to PLN 60 million
 - Company dissolution
 - Obligation to remedy the damage
 - Prohibition to perform specific business activity
- Possible preventive measures:
 - Appropriate procedures, e.g. ISO 19600
 - Processes description, risk registers
 - Periodical legal and tax compliance verification
 - Trainings
 - Responsibility allocation

Other taxes and incentives



Clause preventing Taxation Avoidance

Starting from 2019, the tax authorities will have the power to question every transaction, that was performed first and foremost with a view to deriving a tax benefit.

Application of the Clause will result in additional tax liability, calculated using the following sanction rates:

- 10% concerning income taxes and withholding tax
- 40% concerning other taxes

Calendar of the company's obligations

Payroll

Description	Social contributions for employees
Deadline for payment if occurred*	15th day of the month following the month in which the remuneration was paid
Type of form	ZUS DRA (monthly return)
Deadline for submitting the return*	15th day of the month following the month in which the remuneration was paid
Place of submission the return	ZUS (The social insurance institution)
Form of submission the return	Only via electronic communication

Description	Personal income tax on employees salaries (PIT-4)
Deadline for payment if occurred*	20th day of the month following the month in which the remuneration was paid
Type of form	PIT-4R (Annual declaration on advances for personal income tax)
Deadline for submitting the return*	<ul style="list-style-type: none"> The 31th day of January for the preceding year During the year submission of the return is not required
Place of submission the return	Tax Office
Form of submission the return	Only via electronic communication

Description	Information on income and advances on personal income tax withheld during the year from employees salaries (PIT-11)
Type of form	PIT-11 (annual return)
Deadline for submitting the return*	<ul style="list-style-type: none"> Tax office: the 31th day of January for the preceding year Taxpayer (employee): within end of February for the preceding year
Place of submission the return	Tax Office and taxpayer (employee)
Form of submission the return	<ul style="list-style-type: none"> Tax office: only via electronic communication Taxpayer (employee): in paper version or via electronic communication (if the conditions will be meet)

Calendar of the company's obligations

Payroll

Description	Flat-rate personal income tax (PIT-8A) Tax withheld with i.a.: Winnings in games, competitions by natural personal; Civil law contracts, if the amount of receivables specified in the contract does not exceed the value of PLN 200
Deadline for payment if occurred*	20th day of the month following the month in which the remuneration was paid/award was presented
Type of form	Annual return on flat-rate personal income tax (PIT-8AR)
Deadline for submitting the return*	The 31th day of January for the preceding year
Place of submission the return	Tax Office
Form of submission the return	Only via electronic communication

Description	National Disabled Persons Rehabilitation Fund (PFRON) if the number of employees is at least 25 on a full-time contract basis
Deadline for payment if occurred*	The 20th day of the month following the month in which obligation arises to make these payments
Type of form	DEK-I-O (monthly return), DEK-R (annual return)
Deadline for submitting the return*	<ul style="list-style-type: none"> During the year 20th day of the month following the month in which obligation arises to make these payments The 20th day of January for the preceding year
Place of submission the return	PFRON
Form of submission the return	Via E-PFRON system

Calendar of the company's obligations

CIT

Description	Corporate Income Tax (CIT)
Deadline for payment if occurred*	20th day of each month for the preceding month in monthly instalments
Type of form	CIT-8
Deadline for submitting the return*	<ul style="list-style-type: none"> • Within 3 months of the tax year end (31.03) • During the year submission of the return is not required
Place of submission the return	Tax Office
Form of submission the return	only via electronic communication

Description	<ul style="list-style-type: none"> • Taxpayer's information to determine the income due to local authorities on account of participation in income from corporate income tax (CIT-ST). • If the Company runs their business in different locations (regional or local authorities other than seat on the Company) and employs the staff on the basis of employment contract
Type of form	CIT-ST
Deadline for submitting the return*	<ul style="list-style-type: none"> • For the first month of tax year within due time of monthly CIT payments (20.02) • In the following months the obligation arises when the number of employees has changed • Additionally within 3 months of the tax year end (31.03)
Place of submission the return	Tax Office
Form of submission the return	only via electronic communication

Calendar of the company's obligations

VAT

Description	Value added tax return (VAT-7)
Deadline for payment if occurred*	25th day of each month for the preceding month in monthly instalments
Type of form	VAT-7
Deadline for submitting the return*	25th day of each month for the preceding month
Place of submission the return	Tax Office
Form of submission the return	Only via electronic communication

Description	Standard Audit File for Tax (SAF-T file)
Type of form	SAF-T
Deadline for submitting the return*	25th day of each month for the preceding month
Place of submission the return	Tax Office
Form of submission the return	only via electronic communication

Description	Summary information on intra-Community transactions carried out (VAT-UE)
Type of form	VAT-UE
Deadline for submitting the return*	25th day of each month for the preceding month
Place of submission the return	Tax Office
Form of submission the return	Only via electronic communication

Description	Summary information on domestic turnover (VAT-27) - domestic supplies of goods and services, settled on a reverse charge basis
Type of form	VAT-27
Deadline for submitting the return*	25th day of each month for the preceding month
Place of submission the return	Tax Office
Form of submission the return	Only via electronic communication

Calendar of the company's obligations

WHT

Description	Withholding tax (WHT)
Deadline for payment if occurred*	Monthly instalments by the 7th day of each month for the preceding month if is an obligation
Type of form	CIT-10Z (Declaration on the amount of tax collected by the payer on income/revenues performed by taxpayers not having their seat or management board in Poland)
Deadline for submitting the return*	within 1 month of the tax year end (31.01)
Place of submission the return	Tax Office
Form of submission the return	In a paper version/via electronic communication

Description	<ul style="list-style-type: none"> Information on revenue/income derived by legal persons having no seat or board of management on the territory of the republic of poland (IFT-2/IFT-2R) This obligation applies to those taxpayers who were obliged to pay WHT and were also exempt from collect this tax on the basis of double taxation avoidance agreements
Type of form	<ul style="list-style-type: none"> IFT-2 (upon request of non-resident) IFT-2R (annual return)
Deadline for submitting the return*	<ul style="list-style-type: none"> IFT-2: 14 days from the date of send the request by non-resident IFT-2R: within 3 month of the tax year end (31.03)
Place of submission the return	Tax Office and foreign taxpayer
Form of submission the return	<ul style="list-style-type: none"> Only via electronic communication (tax office) In paper version (foreign taxpayer)

Calendar of the company's obligations

Others

Description	<ul style="list-style-type: none"> Information on agreements concluded with non-residents (ORD-U) Information includes agreements concluded in the tax year with the same non-resident, when the resulting total amount of receivables or liabilities exceeded the equivalent of 300,000 EUR. In the case of transactions with a non-resident with a company, branch or representative office in Poland, agreements are reported in which the one-off value of receivables or liabilities exceeded the equivalent of EUR 5,000.
Type of form	ORD-U
Deadline for submitting the return*	Within 3 months of the tax year end (31.03)
Place of submission the return	Tax Office
Form of submission the return	Only via electronic communication

Description	INTRASTAT (basic threshold: PLN 3.000.000 - acquisition; PLN 2.000.000 - delivery. Detailed threshold: PLN 50.000.000 - acquisition; PLN 95.000.000 - delivery).
Type of form	Delivery, acquisition, basic or detailed returns depending which threshold has been exceeded
Deadline for submitting the return*	The 10th day of each month for the preceding month (<ul style="list-style-type: none"> If the value of intra-community delivery/acquisition of goods in the year preceding the reporting year exceeded the thresholds the company is required to submit a declaration for the whole of the following year If the value of imports or exports of goods made by this entity exceeded during the year, the Company makes INTRASTAT declarations starting with the declaration for the reporting period in which the value of thresholds was exceeded).
Place of submission the return	Customs Chamber
Form of submission the return	Only via electronic communication

Description	National Bank of Poland (NBP) reporting
Type of form	All reports concerning balance of payments
Deadline for submitting the return*	Monthly/quarterly depending which limits are exceeded
Place of submission the return	NBP
Form of submission the return	Via web portal

Calendar of the company's obligations

Others

Description	General Statistical Office (GUS) reporting
Type of form	The first information about obligation GUS sends to the Company. Based on this information an account is created. The required statements to fill are available on the platform. The type of statements depends of the business activity
Deadline for submitting the return*	Deadlines are set individually for each report
Place of submission the return	GUS
Form of submission the return	Via web portal/correction in paper version

Description	Real Estate Tax
Deadline for payment if occurred*	The 15th of each month, and for January by 31st January
Remarks	If the amount of the tax does not exceed PLN 100, the tax is payable once within the time limit for payment of the first installment.
Type of form	DN-1
Deadline for submitting the return*	the 31st January of each tax year or or within 14 days of the occurrence of the circumstances in which the tax obligation arises
Place of submission the return	City Hall
Form of submission the return	In a paper version

Description	Forest Tax
Deadline for payment if occurred*	The 15th day of each month
Remarks	If the amount of the tax does not exceed PLN 100, the tax is payable once within the time limit for payment of the first installment.
Type of form	DR-1
Deadline for submitting the return*	The 15th January of each tax year or within 14 days of the occurrence of the circumstances in which the tax obligation arises
Place of submission the return	City Hall
Form of submission the return	In a paper version

Calendar of the company's obligations

Others

Description	Agricultural Tax
Deadline for payment if occurred*	Payment in instalments on time: 15th March, 15th May; 15th September; 15th November of each tax year
Remarks	If the amount of the tax does not exceed PLN 100, the tax is payable once within the time limit for payment of the first installment.
Type of form	DL-1
Deadline for submitting the return*	The 15th January of each tax year or within 14 days of the occurrence of the circumstances in which the tax obligation arises
Place of submission the return	City Hall
Form of submission the return	In a paper version

Description	Vehicle Tax (vehicles which the total permissible mass exceeded 3,5 tonnes).
Deadline for payment if occurred*	1 installment 15th February; 2 installment - 15th September
Type of form	DT-1
Deadline for submitting the return*	15th February of each tax year or within 14 days from the date of the occurrence of the circumstances in which the tax obligation arises
Place of submission the return	City Hall
Form of submission the return	In a paper version

Description	Environmental Fee (gas and dust emission into the air, storage of waste, greenhouse gas emissions)
Deadline for payment if occurred*	The 31th day of March for the preceding year
Remarks	Exemption from payment when the value of the environmental fee does not exceed PLN 800.
Type of form	Information on the use of the environment and the amount of fees due
Deadline for submitting the return*	The 31th day of March for the preceding year (if the value of the environmental fee does not exceed PLN 100, there is no obligation to submit the return)
Place of submission the return	Marshal's Office
Form of submission the return	In a paper version

Calendar of the company's obligations

Others

Description	Product fee (placed the products on the polish market: plastic, aluminium and steel packaging, made of paper and cardboard, household glass, made of wood, such as oils and tyres).
Deadline for payment if occurred*	The 31th day of March for the preceding year (products); the 15th day of March for the preceding year (packages)
Remarks	Exemption from payment when the value of the product fee does not exceeded PLN 100.
Type of form	OŚ-OP1; OPAK
Deadline for submitting the return*	The 15th day of March for the preceding year
Place of submission the return	Marshal's Office
Form of submission the return	In a paper version

Description	Tax on civil law transactions (TCLT)
Deadline for payment if occurred*	14th days from the day on which the tax obligation arises, except for cases when the tax is collected by the payer.
Type of form	PCC-3
Deadline for submitting the return*	14th days from the day on which the tax obligation arises, except for cases when the tax is collected by the payer.
Place of submission the return	Tax Office
Form of submission the return	In a paper version/via electronic communication

Description	Notification of the obligation to provide information on the group of entities (CBC-P) if group's consolidated revenues exceeded the threshold of EUR 750,000,000 in previous fiscal year
Type of form	CBC-P
Deadline for submitting the return*	The 31st of December of each tax year
Place of submission the return	The Head of the National Tax Administration - Ministry of Finance
Form of submission the return	In a paper version/via electronic communication

Calendar of the company's obligations

Others

Description	"Update information about supplementary data of the Company (NIP-8). Need to be updated: <ul style="list-style-type: none">• Name of the Company,• List of bank accounts• The addresses of the places of business activity• Address of the place where accounting records are kept• Data on individual shareholders (if they are registered in National Court Register)• Planned number of persons employed• Form of ownership based on the percentage share of ownership in the total value of capital• Total area of agricultural land• Type of statutory activity for entities subject to registration in the National Court Register• Date on which the obligation to pay social security contributions arose• Address for correspondence"
Type of form	NIP-8
Deadline for submitting the return*	Within 7 days from the day on which the change occurs
Place of submission the return	Tax Office
Form of submission the return	In a paper version/via electronic communication

Agenda

- 1 Why Poland?
- 2 Poland – Country profile
- 3 How to open a business in Poland in 5 steps!
- 4 Establishing the company
- 5 Taxation: CIT, VAT, other taxes
- 6 Employment Legislation**
- 7 Accounting
- 8 How we can help
- 9 About PwC

Employment Legislation

Payroll in Poland



National Minimum Wage

- Starting from 1 January 2019 the minimum gross wage in Poland is 2,250 PLN
- The minimum gross hourly rate in Poland is 14.70 PLN per hour



Working time

- 8 hours/day
- 40 hours in a five-day working week in adopted settlement period



Components of social security premiums paid by employer

- Retirement, Disability and Accident contributions
- Contribution to unemployment fund (FGŚP)
- Contribution to labour fund (FP)



Components of social security premiums paid by employee

- Retirement, Disability and Sickness contributions
- Health contribution

Employer obligations – Payroll administration



Registration / De-registration

- In the Social Security Authority (ZUS) – within 7 days from the date of employment of the first employee/civil contractor on ZUS ZPA form
- In the Social Security Authority (ZUS) – within 7 days from the date of termination of the last employee/civil contractor on ZUS ZWPA form
- Of the employees/contractor with Social Security Authority – registration within 7 days since the date of employment/civil contract start date (ZUS ZUA, ZUS ZZA)
- Of the employees/contractor with Social Security Authority – de-registration within 7 days since the termination of employment/civil contract end date (ZUS ZWUA)



Reporting on a monthly basis

- Preparing and submitting monthly declarations to ZUS as well paying the liability – until 15th day of each month for the preceding month (ZUS DRA, ZUS RCA, ZUS RSA – if necessary, ZUS RZA – if necessary, ZUS RPA – if necessary)
- Paying the income tax liability – until 20th day of each month for the preceding month
- Preparing the declaration DEK-I-0 and submitting to PFRON (Disability Fund) as well as paying the liability – until 20th day of the following month when the salary was paid – if applicable (FTE exceeds 25)



Annual filing deadline

- 31 January – Employer Annual Tax Returns (PIT-4R, PIT-8AR)
- 31 January – Annual Information about Income from the different sources and about Income and Withholding Tax – submitted in Tax Offices electronically (PIT 11)
- 28 February – Annual Information about Income from the different sources and about Income and Withholding Tax for employees (PIT 11)
- 31 January – Preparing and submitting to tax authorities PIT-8C information on some capital incomes
- 28 February – Preparing and submitting to the employees PIT-8C information on some capital incomes
- 30 April – Employee tax return declaration (PIT-37)
- 28 February – Preparing and submitting to tax authority IFT-1R information on revenue/income derived by nonresident natural persons

Employment Legislation

Company obligations – related to HR administration processes

- Coordination of medical check up for new employees in order to confirm that the employee is allowed to perform his work on an appropriate position – before the start of the employment, then periodical and controlling
- Coordination of Hygiene and Safety trainings (BHP) for new employees – no later than on the first day of employment, periodical is excluded for administrative staff employed by an employer classified in the professional group no higher than 3rd risk category
- Creating and maintaining personal files for each of employee in accordance with Polish Labour Law in paper or digital form after completing requirements
- Employment contract signed on the first day of employment but before admitting to work and acquaintance with internal regulations

Social and Health Insurance contributions in Poland in 2019

Type of insurance	Contributions paid on gross earnings up to annual cap of PLN 142,950.00			Contributions paid on gross earnings above annual cap of PLN 142,950.00		
	Total percentage rate	Employer's part	Employee's part	Total percentage rate	Employer's part	Employee's part
Pension	19.52 %	9.76 %	9.76 %	–	–	–
Disability	8.00 %	6.5%	1.50 %	–	–	–
Sickness	2.45 %	–	2.45 %	2.45 %	–	2.45 %
Accident	1.67% ¹⁾	1.67% ¹⁾	–	1.67% ¹⁾	1.67% ¹⁾	–
	from 0.67 % to 3.33 % ²⁾	from 0.67 % to 3.33 % ²⁾	–	from 0.67 % to 3.33 % ²⁾	from 0.67 % to 3.33 % ²⁾	–
Labour fund	2.45 %	2.45 %	–	2.45 %	2.45 %	–
Employee guaranteed benefits fund	0.10 %	0.10 %	–	0.10 %	0.10 %	–
Total social insurance contributions	from 33.19 % to 35.85 % ^{1),2)}	from 19.48 % to 22.14 % ^{1),2)}	13.71 %	from 5.67 % to 8.33 % ^{1),2)}	from 3.22 % to 5.88 % ^{1),2)}	2.45 %
Health ³⁾	9.00 %	–	9.00% ⁴⁾	9.00 %	–	9.00% ⁴⁾
Total health insurance contributions	9.00 %	–	9.00 % ⁴⁾	9.00 %	–	9.00 % ⁴⁾
Total social and health insurance contributions	from 42.19 % to 44.85 % ^{1),2)}	from 19.48 % to 22.14 % ^{1),2)}	22.71 %	from 14.67 % to 17.33 % ^{1),2)}	from 3.22 % to 5.88 % ^{1),2)}	11.45 %

¹⁾ Employing up to 9 employees (binding from 1 April 2018)

²⁾ Employing above 9 employees – percentage rate depends on type of economic activity (binding from 1 April 2018)

³⁾ Contributions paid on the assessment basis, i.e. gross income decreased by the amount of the employee's part of social security contributions.

⁴⁾ The amount of 7.75% of assessment basis is deducted from the employee's personal income tax liability

Employment Legislation

Personal income tax

In general, the Polish personal income tax ("PIT") system is of a progressive nature and currently provides for two rates: 18% and 32%, in excess of a personal allowance (variables)

Income (in PLN)	Income tax (in PLN)
Up to 85,528	18% minus the variables amount exempt from tax
Above 85,528	15,395.02 + 32% of the surplus over 85,528

- The tax advances should be calculated using the appropriate tax rates and paid to the relevant tax office by the 20th day of following month. The higher tax rate is calculated from the next month after the month the employee's income has reached the limit of 85,528 PLN
- Reporting obligations cover also preparing annual information (PIT-11 form to be issued by the end of February of the year following the given fiscal year). According to the general rule annual information should be filed electronically

PFRON – the State Fund for Rehabilitation of the Disabled

- If the employment in the Company is at least 25 employees per full-time job (monthly average employment) the PFRON registration is mandatory
- Preparing the declaration and submitting to PFRON as well paying the liability – until 20th day of the following month after the month of obligation is required
- The employers are exempt from these payments obligation to PFRON when:
 - The employment rate of disabled people is at least 6% (this index is the average monthly percentage of disabled persons in total employment in FTE)
 - When the company is in liquidation or is a declared bankrupt

Employment Legislation

Sickness



As per the Polish Social Security Coverage, generally for the first 33 calendar days of sick leave in a given calendar year (in rare cases for 14 calendar days) the employee receives a sickness allowance at a rate of 80% of the sickness benefit basis (financed by the employer). After 33 days of sickness absence the employee receives the sickness allowance at the same 80% rate of the sickness benefit basis for each day of absence (in some cases 100% and in some cases after 14 calendar days) covered by the Social Security Authority from the Sickness Insurance of Social Security Coverage.

The length of holiday leave



- 20 days – if the employee has been employed for less than 10 years
- 26 days – if the employee has been employed for more than 10 years

Benefits related to maternity leave



The total length of maternity leave and leave for parents depends on how many children were born and equals:

- 52 weeks in case of giving birth to one child
- Basic maternity leave – 20 weeks
- Leave for parents – 32 weeks
- 2 children (31+34) = 65,3 children (33+34)=67 etc.

The benefit during the types of leave is differentiated and amounts to 100% and 60% or 80% during the whole period depending on the way of submitting the request for a leave



Employment Legislation

Social Fund



The Fund is created by entities that employ at least 50 full-time equivalent employees on the 1 January of a given year

The employer could take a decision that the Fund will not be created



According to the Act of 4 March 1994 on a social fund in an undertaking (the Act), the resources from the Social Benefit Fund (the Fund) may be spent on the social activity of an employer. Therefore, the Fund is set up in order to satisfy the social needs of the employees and to eliminate the social differences between them



The detailed way of spending the funds in a given business should be set up by the employer in the Social Fund Regulation. For the purpose of storing the Fund resources the employer is obliged to have a separate bank account



The allocation should be transferred to the Fund in two installments: the first one in the amount of 75% of the total amount until 31 May of a given calendar year and the second one – 25% of the total amount until 30 September of a given calendar year. However, if the employer, who is obliged to set up the Fund, starts the activity in the course of the year, the allocation should be made starting from the following calendar year

Most popular bonuses in Poland granted by Employers



Medical Care,
company car,
company phone



Sport activities
(swimming pool,
gym, fitness),
life insurance



Training and
courses, saving
plans



Dentist care,
Employees Pension
Plan, tickets for
cultured events







Agenda

- 1 Why Poland?
- 2 Poland – Country profile
- 3 How to open a business in Poland in 5 steps!
- 4 Establishing the company
- 5 Taxation: CIT, VAT, other taxes
- 6 Employment Legislation
- 7 Accounting**
- 8 How we can help
- 9 About PwC

Accounting




According to Polish Accounting Act the books of accounts shall be kept in an accurate and verifiable manner, without errors and on an up-to-date basis. Books have to be kept in Polish currency and Polish language

Key facts about financial statements



-  Preparation of the financial statements
3 months after the end of financial year
-  Approval of the financial statements
not later than 6 months after the end of financial year
-  Form of preparing financial statement
the obligation to prepare financial statements in **electronic form** in the specified logical structure and format available in the Public Information Bulletin of the Ministry of Finance - JPK (XSD- XML Schema Definition)
-  Signing of financial statement
obligatory in electronic way by all members of the board using qualified electronic signature. At least one of the Board Members should have a PESEL number
-  Deadline for the submission of the financial statements to the national court register
within 15 days from the date on which the annual financial statement was approved
-  Deadline for the submission of the financial statements to the tax authorities
within 10 days after the day of approval of the annual financial statement

Obligatory Auditing

Annual financial statements for most entities are audited if in the financial year preceding the year for which the financial statements are prepared the entity fulfilled at least two of the following conditions

-  Average annual full-time **employment** attained or exceeded **50 persons**
-  **Total balance sheet** assets at the end of the financial year attained or exceeded a Polish currency equivalent of **EUR 2,500,000**
-  **Net revenue** from the sales of products and goods, as well as financial transactions for the financial year attained or exceeded a Polish currency equivalent of **EUR 5,000,000**

Simplified rules of drawing financial statement

-  In light of the current provisions of the Accounting Act simplified financial statements can be drawn up by micro-entities and small entities. In order for micro-entities and small entities to benefit from this opportunity, an appropriate resolution needs to be passed by the shareholders
-  The Accounting Act defines small entities as entities which during the financial year for which they draw up financial statements, and during the preceding year, did not exceed more than one of the following three values
 - 17,000,000 PLN – for total balance-sheet asset value at the end of the financial year
 - 34,000,000 PLN – for net revenues from sales of goods and products for the financial year
 - 50 persons – for average annual full-time employment

Agenda

- 1 Why Poland?
- 2 Poland – Country profile
- 3 How to open a business in Poland in 5 steps!
- 4 Establishing the company
- 5 Taxation: CIT, VAT, other taxes
- 6 Employment Legislation
- 7 Accounting
- 8 How we can help
- 9 About PwC

How we can help

Before you start operating in Poland, we will help you



Identify the most beneficial legal form for your business presence in Poland, both from the business and the tax perspective



Set up a fully operational polish entity



If you operate within a regulated business – we will assist you in obtaining all necessary permits



Open a bank account



Structure shareholding and financing, including financing of acquisitions, in the most tax efficient way



Apply for any applicable grants and incentives (public aid)



Understand and address polish tax implications (income taxes, vat, customs, etc.)



Handle initial payroll obligations



Obtain work and stay permits for your staff

On-going support

Once your Polish entity becomes operational, we can help you handle its day-to-day operations

- | | |
|----------------------------------|---------------------|
| > Registration and Legal support | > Payroll |
| > Accounting | > HR administration |
| > CIT compliance | > Work permits |
| > VAT compliance | > Tax support |

Agenda

- 1 Why Poland?
- 2 Poland – Country profile
- 3 How to open a business in Poland in 5 steps!
- 4 Establishing the company
- 5 Taxation: CIT, VAT, other taxes
- 6 Employment Legislation
- 7 Accounting
- 8 How we can help
- 9 About PwC**

About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in **158 countries** with more than **250,000 people** who are committed to delivering quality in **assurance, advisory and tax services**.

PwC has been active in Central and Eastern Europe for the past 27 years. PwC Central and Eastern Europe (PwC CEE) is a network of firms, consisting of separate legal entities in accordance with applicable local laws and regulations. We work to help our clients in local markets become more successful and globally competitive. Today we have more than 10,500 people, including 285 partners, working in 56 offices across 29 countries in the region.

The company has **8 regional offices in Poland** – in Warsaw, Lodz, Gdansk, Poznan, Wroclaw, Katowice, Krakow and Rzeszow, as well as the Financial Crime Unit in Gdansk and two Service Delivery Centers in Katowice and Opole. **PwC in Poland employs over 4,700 staff**



157 countries



776 locations



236 000 people



Contact



Anna Zapart

Manager



+48 519 507 553



anna.zapart@pwc.com