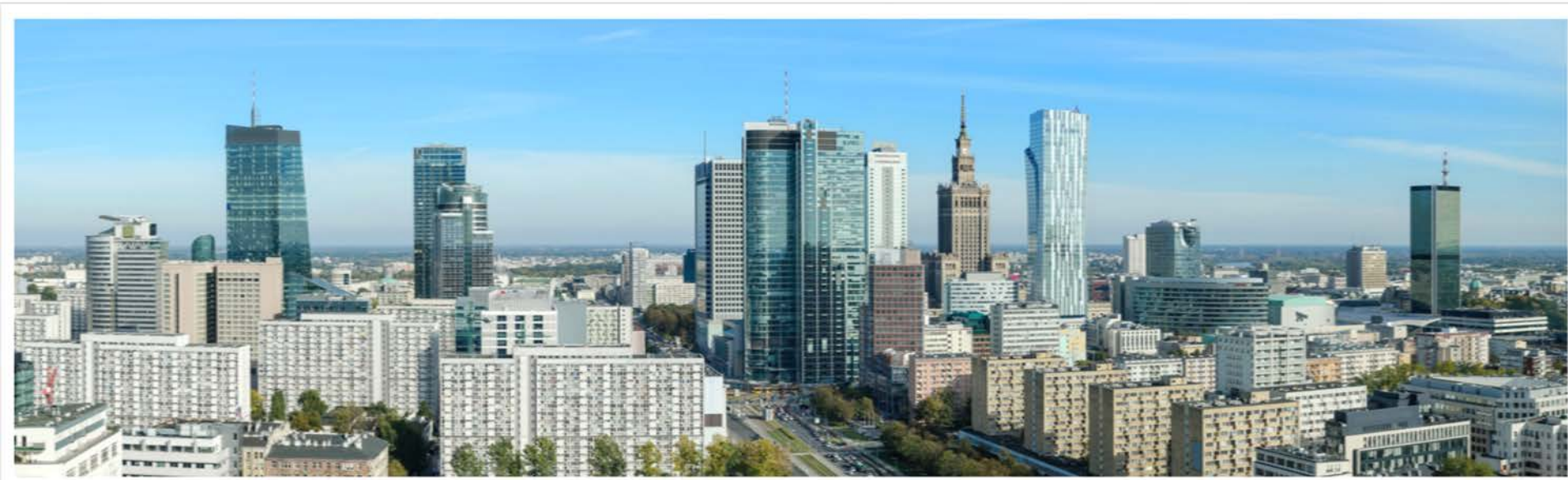




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Doing Business in Poland by foreigners

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POLAND – A MEMBER STATE OF THE EUROPEAN UNION

- Free movement of services within EU territory
- Foreigners from EU member states = Polish entrepreneurs**
- No free movement of services between Poland and non EU countries
- Foreigners from non-EU member states \neq Polish entrepreneurs
- Bipartite contracts and Polish specific legal provisions

Organizational and legal frame of bussiness activities in Poland:

- Sole prioprietorships;
- Companies or partnerships based on the Polish Commercial Code;
- Branches of foreigner entrepreneurs;
- Representatives offices of foreigner entrepreneurs;
- Rendering servises on the interim basis by foreigner entrepreneurs.



General rules:

- ❑ The basic rule: freedom of bussiness;
- ❑ Specific legal requirement for set up, applicable for each kind of business entities;
- ❑ Basically no specific requirement for conducting of business activities;
- ❑ Some limitations or specific requirements for sensitive activities such as i.g.: a financial sector, mining, a sale of alcohol, a husbandry of specific kind of animils, etc.
- ❑ In such cases state permissions or licenses are to be obtained and are granted usually for a determined time period.

Sole proprietorships:

- One person being a sole proprietor;
- No specific legal requirement – papers in a predefined stated form to be filled;
- A sole proprietor acts directly - acquire goods and debts on its behalf;
- A sole proprietor is directly liable for all its business debts;
- No separate business assets, and no legal border between private and business assets;
- Creditors may request a sole proprietor to pay debts using his/her private assets.

Companies and partnerships:

- Legal entities being independent on their owners/founders and having their own legal capacity;
- Specific legal requirements for each kind of an entity;
- Owners/founders/stakeholders are not liable for debts of entities; however there are some legal exceptions;
- Having their own assets and creditors need to request payments from these assets first;
- Specific tax and social insurance regulations for each kind of an entity;
- A limited partnership and a limited liability company – very common.

PUBLIC MANDATORY CHARGES:

Taxes:

- Income tax and VAT;
- Income tax rates: 18%, 19% or 32%. Applicable rates are determined by a kind of a bussiness activity and a kind of an income – quite complicated regulations with many exceptions;
- In some cases income tax is to be paid by an enitivity and its owner/founder/stakeholser at the same time;
- VAT rates: 5%, 8%, 23%, the most common is 23%;
- Both taxes are deductible upon specific requirements.



PUBLIC MANDATORY CHARGES - cont.:

Social insurance and health care system:

- Payments due to Social Insurance Institution – charged from employees' salaries or in some instances – from management board members' remunerations;
- Payments to a health care system - charged from employees' salaries, or, in some instances, from management board members' remunerations;

Total:

- Up to 40% of income (gross);
- State authorities not eager to accept deductibilities easily.

OTHER POSSIBILITIES

Branch of a foreigner entrepreneur:

- The scope of bussinnes can be same as paternal activities;
- Not many specific legal requirements to be fulfilled;
- Appointment of a person to represent the branch is a must; a Polish residency is not required;

Representative offices:

- Solely for a promotion and advertasing of a paternal business;
- Specific requirements stipulated in the Polish act on a business acitivites – not many;



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SPECIFIC TAX REGULATIONS FOR FOREIGNERS:

- 183 days of a permanent stay in Poland – a Polish tax residency;
- Automatic;
- Tax duty – to pay an income tax charged from the entire income (earned in Poland and out of Poland) here in Poland.



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In this world nothing can be said to be certain, except death and taxes.

- Benjamin Franklin





OTHER POSIBILITIES- cont.:

Interim services:

- Cross-border provision of services;
- On the interim and time-limited basis;
- The scope of possible activities limited – not possible to render services required additional state permission or having specific qualification (i.e. legal services).



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THANK YOU!

DZIĘKUJĘ!

GRAZIE MILLE!



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