

Why Poland?

Poland as a safe haven for investors in times of economic instability.

Economic stability, educated and competent human capital and a large domestic market.

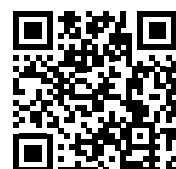
In times of global economic crisis Poland has strengthened its position, not only in the region of Central and Eastern Europe but also all over the continent.

Poland is a country in Central Eastern Europe. The total area of Poland is over 120,000 sq. mi (9th largest in Europe) with a population of over 38 million people.

Strategic location - EU member being a bridge to East European markets.

Poland's economic growth rate is estimated as one of the highest in Europe.

Country's international safety and stability guaranteed by Poland's membership in NATO and the EU.



Forms of business operations, taxation and employment

Entrepreneurs can conduct their business in the form of capital companies or partnerships. Many natural persons in Poland operate under their own name. The main constitutional principle is the freedom of business operations for everyone based on equal rights.

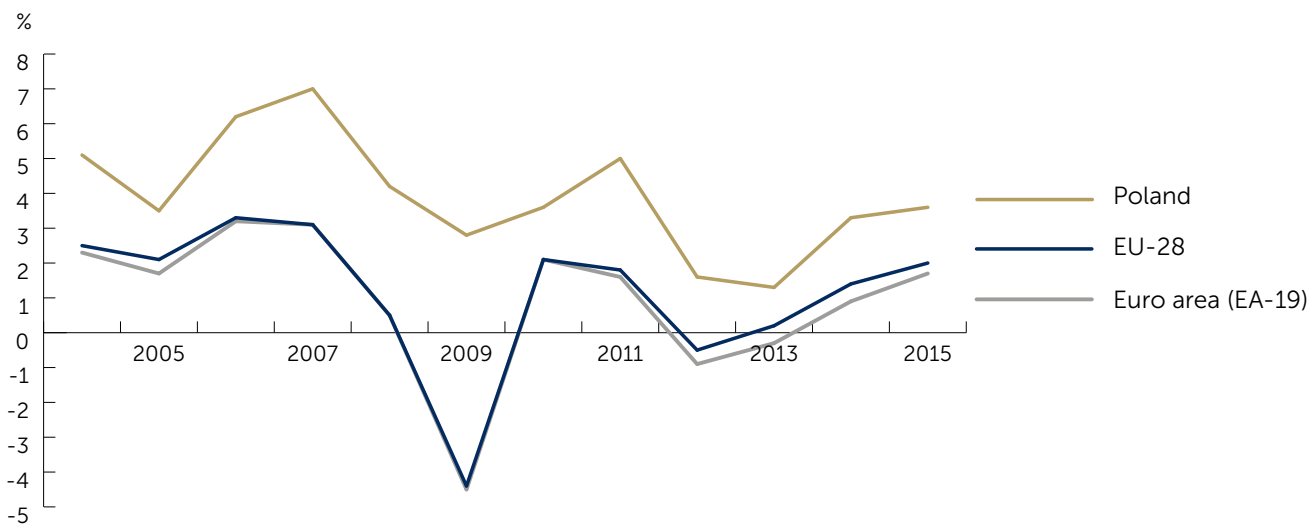
1. Capital companies

- limited liability company,
- joint stock company.

Capital companies acquire legal personality as of the date of their entry into the National Court Register. They may be established by natural or legal persons. Shareholders in capital companies are not liable personally for the obligations of the companies.

Gross domestic product

source: Eurostat



partnership jointly and severally and without limitation. Shareholders do not bear such liability. The minimum amount of the share capital in the limited joint stock partnership amounts to PLN 50,000

- › **Professional partnership (sp.p.):** created by partners in order to pursue certain professions, e.g. attorney at law, certified auditor, tax advisor. Individual partners are not liable for obligations of the partnership arising from the activities of other partners.

As the Polish limited liability company and joint stock company as separate legal entities they are taxed by Corporate Income Tax (CIT). CIT is imposed on the total income from all sources (reduced by deductions) at the rate of 19%. When dividends are paid out to shareholders, in principle tax on dividends of 19% is collected. However, pursuant to international double tax treaties and European directives, often a lower tax rate or exemption is applied.

2. Partnerships

- **commercial partnerships which operations are regulated in the Code of Commercial Partnerships and Companies:**
 - › **Registered partnership (sp.j.):** all partners are liable for the obligations of the partnership jointly and severally
 - › **Limited partnership (sp.k.):** at least one partner is liable for the obligations of the partnership jointly and severally and without limitation, whereas limited partners are liable only up to the amount of the commendam sum.
 - › **Limited joint stock partnership (S.K.A.):** only a general partner is liable for the obligations of the

- **civil partnerships** governed by the provisions of the Civil Code. A civil partnership is intended for conducting operations on small scale. It does not have a status of entrepreneur.

Taxation of partnerships

Income of registered partnership, limited partnership and professional partnership is taxed only once at partner level. Partnerships themselves are not taxpayers liable to income tax. A shareholder who is a legal person pays a 19% corporate income tax. A shareholder who is a natural person pays a tax in accordance with a tax scale (18% and 32%), but he may also chose a 19% flat rate tax. The exception is a limited joint stock partnership - it has been liable to pay corporate income tax.

source: Eurostat

The chart displays the labour force population for five European countries from 2005 to 2015. Spain has the largest labour force, starting around 510,000 in 2005 and peaking at approximately 650,000 in 2008 before settling around 630,000 by 2015. Poland's labour force grew from about 140,000 to 260,000. Sweden's labour force increased from around 140,000 to 210,000. The Czech Republic's labour force grew from about 50,000 to 90,000. Hungary's labour force remained relatively stable, starting around 50,000 and ending around 60,000.

Country	2005	2007	2009	2011	2013	2015
Spain	510,000	630,000	620,000	630,000	610,000	630,000
Poland	140,000	200,000	210,000	240,000	250,000	260,000
Sweden	140,000	170,000	160,000	200,000	210,000	210,000
Czech Republic	50,000	70,000	80,000	90,000	80,000	90,000
Hungary	50,000	60,000	60,000	60,000	60,000	60,000

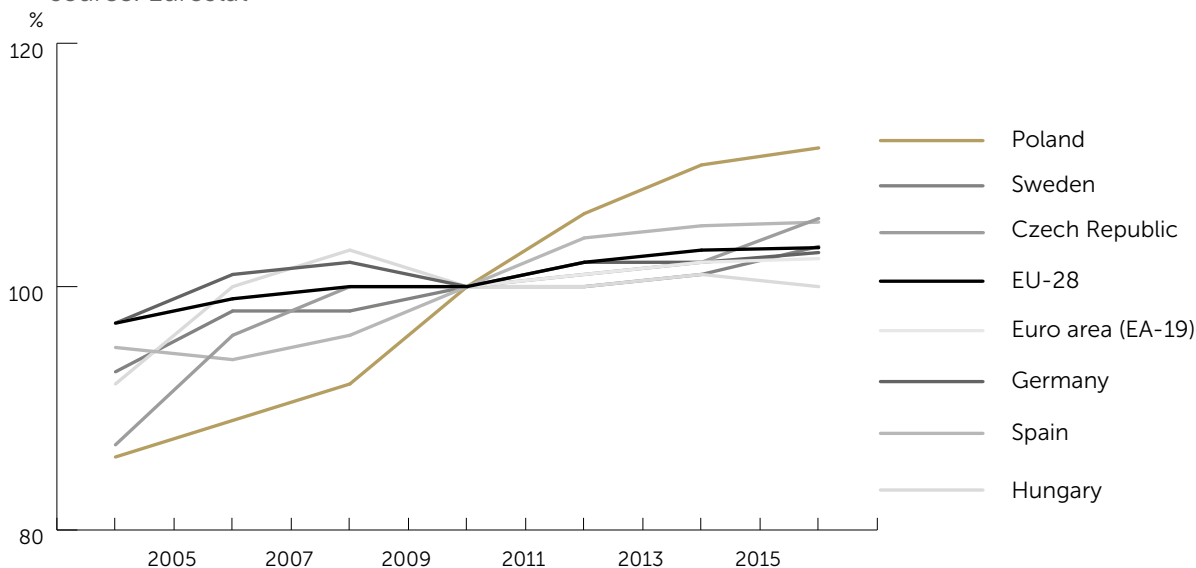
Foreign entrepreneurs may operate in Poland through a branch and they may establish representative offices having seats in the territory of the Republic of Poland. Branches of foreign entities are entered into the register of entrepreneurs. The law requires the foreign entrepreneur to appoint his representative in Poland.

Natural persons (individuals) register their business operations in the Central Records and Information of Business Operations. The entry of a natural person in the above register covers also the registration for the purpose of taxes as well social and health insurance.

The most common taxes, apart from income taxes, are goods and services tax (VAT), excise tax and tax on civil law transactions. In addition, local taxes and charges are paid, e.g. real estate tax, vehicle tax, stamp duty on certain activities in governmental offices, tonnage tax, agricultural and forest tax.

Poland has highly skilled and educated labour force. The basic form of employment is an employment contract. The employer collects income tax as well as social insurance and health insurance from remunerations paid to employees. When an average domestic monthly salary (about EUR 900) is paid out, the employer will pay from his funds additionally ca. 19.5%, and the employee ca. 13.7%. Moreover, advance for PIT of 18% or 32% will be deducted from the employee's salary.

source: Eurostat



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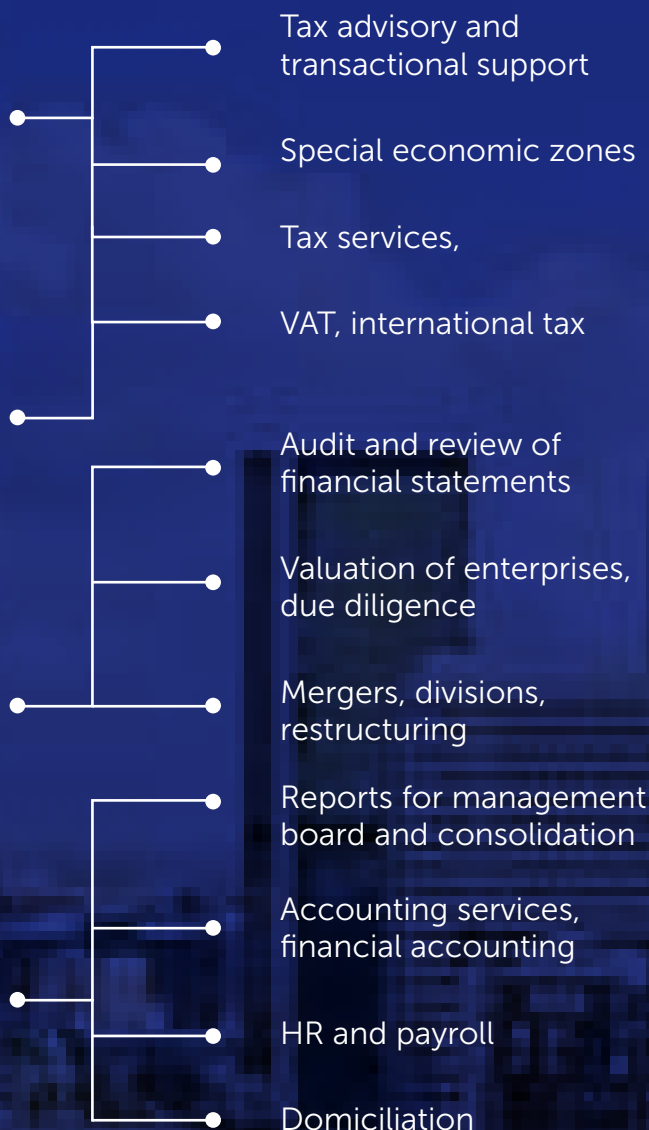
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