



# Poland

a place to live and work



POLISH INFORMATION AND  
FOREIGN INVESTMENT AGENCY

■ ■ ■ I Domański Zakrzewski Palinka



Poland – a place to live and work



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## Preface

Dear Reader,

This brochure is intended as a guide to help you around in Poland and to understand both social and cultural conditions as well as legal and administrative regulations.

It contains information that will give you basic knowledge of immigration and legal requirements, and the procedures to obtain a Polish driving license and work permit.

In this guide you will also find information about Poland, a country located in the heart of Europe with enormous economic potential, successfully reformed to become an excellent place for business and corporate development. A milder reaction to the effects of the global crisis as compared to other European countries, optimistic forecasts of 2.7% economic growth and a further fall in inflation in 2010, membership of international organizations such as the EU, NATO, and OECD confirming the credibility of our country, are a guarantee of good investments in Poland.

This publication was drawn up by the law firm Domański Zakrzewski Palinka in cooperation with the Polish Information and Foreign Investment Agency. We hope that you will find it helpful and we trust that the information it contains will make functioning in Poland easier for you and help you live and work in Poland.

Sincerely,



Krzysztof A. Zakrzewski  
Managing Partner of Domański  
Zakrzewski Palinka



Sławomir Majman  
President of the Polish Information  
and Foreign Investment Agency

## Poland in general

Poland is a democratic parliamentary republic whose rules of functioning are laid down in the 1997 Constitution. Its political system is based on the separation of and balance between the legislative, executive and judicial powers.

Poland is situated in the northern part of Central and Eastern Europe on the Baltic coast, with Germany to the west, the Czech Republic and Slovakia to the south, Ukraine, Belarus and Lithuania to the east, and the Russian enclave of Kaliningrad to the north. Poland's capital city is Warsaw, which before Cracow, Wrocław, Poznań, Gdańsk and Łódź is the largest city in Poland with over 1.7 million inhabitants. Our country is divided into 16 voivodships, 379 provinces and 2478 municipalities<sup>1</sup>.

The territory of Poland covers 312,685 square kilometres. Of Poland's population of 38.11 million, 64% are at production age, 31% are under the age of 25, and in the 19 to 24 age group as many as 56% are students. The high professional qualifications of Polish society are one of the key factors that make Polish employees attractive for foreign investors.

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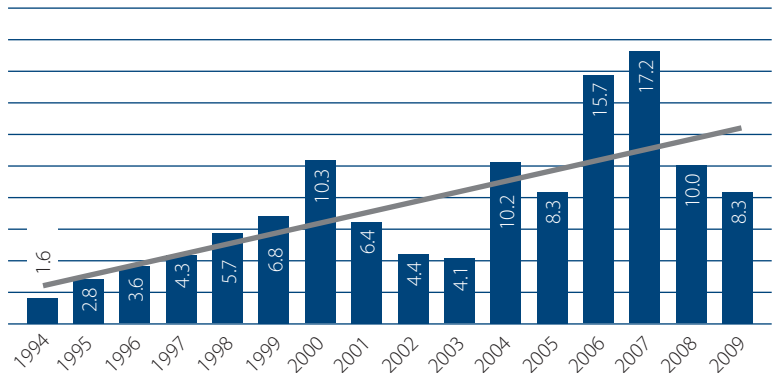
<sup>1</sup> At present, Poland's administrative system is divided into voivodships (*województwo*), provinces (*powiat*) and municipalities (*gmina*). The voivodship is the basic territorial unit; provinces are part of each voivodship while a municipality is the basic unit in each province.



## Investment climate in Poland

- Poland is at the moment the fastest growing economy in Europe. A stable macro-economic base, perspectives for further economic development, and the security guaranteed by Poland's membership of WTO, EU, NATO and OECD have all encouraged foreign investors worldwide to take an interest in Poland.
- GDP rose 1.8% in 2009. With the EU economy contracting by 4.2% in 2009 Poland was the only EU country to see positive growth. Poland's outstanding performance was even more evident at the end of the year, with GDP growth of 2.8% as compared to -2.3% for the EU as a whole.
- The investment climate in Poland is confirmed by the high marks the Polish economy has achieved in various rankings. The best proof is 6<sup>th</sup> position among the most attractive investment locations in the world. This was an enormous jump from 22<sup>nd</sup> position in the *AT Kearney FDI Confidence Index 2010*, which showed how international managers perceive the investment attractiveness of various economies.
- A strong economy attracts foreign investors. Although foreign direct investment in Poland fell due to the global crisis, the fall was far less severe than in other economies. In 2009 world FDI flows fell by 40%, whereas in Poland it was a moderate 19%.

Chart 1.  
Inflow of foreign  
direct investment in  
the years 1994–2009  
in EUR billions



- Investment in Poland gives entrepreneurs direct access to 38 million consumers on the Polish market and to 500 million potential recipients on the internal EU market. Operating in the land of the Vistula river gives businesses the opportunity to make use of Poland's experience in trading with former Eastern bloc countries.

- The size of the Polish market, relatively low labour costs, stable political situation, highly trained and educated executives and good geographical location are just some of the factors that attract foreign investment to Poland. Investment is also supported by instruments such as:
  - income tax exemption in special economic zones;
  - local tax exemptions available in certain municipalities;
  - grants from the state budget;
  - financial subsidies co-financed from EU funds;
  - labour market instruments for hiring the unemployed.
- Other key factors encouraging investment in Poland are:
  - favourable relationship between costs and work quality;
  - availability of a large number of brownfield and greenfield sites at favourable prices;
  - industrial and technological parks;
  - low operating costs (19% CIT rate).
- The majority of foreign direct investment (ca. 90%) comes from EU member states. These funds were deposited in Poland by non-residents mainly from the Netherlands, Luxembourg, Germany, Sweden, Belgium, France and Austria. Main non-EU investors were non-residents from the United States, South America, the Dutch Antilles and China;
- Poland is a country with outstanding investment opportunities, giving potential investors the chance to develop their business and earn substantial financial profits.

## First time in Poland

### 1.1. Entry procedures

Depending on the purpose of their stay, foreigners may enter Poland on the basis of:

- a passport valid for at least three months after the holder leaves Poland;
- a residence visa (a residence visa is required for citizens of China, Vietnam, Pakistan and India);
- visa waiver (Poland has signed bilateral treaties on visa waiver with countries such as Japan, Hong-Kong, Singapore, USA, Canada and South Korea).

On 21 December 2007 Poland joined the Schengen zone. This means that, in order to enter Schengen territory, third country nationals<sup>2</sup> must have a valid travel document and, if required, a visa. They also have to meet the following conditions:

- give reasons for the purpose of their trip and the conditions of their stay;
- have sufficient means of subsistence, both for the period of their stay and to return to their country of residence or transit to a third state to which they are certain to be admitted, or are in a position to acquire such means lawfully;
- they are not on the list of persons who have been refused entry;
- they are not deemed to be a threat to public order, national security or international relations; and
- they have insurance; under Council Directive (2004/17/EC) all persons applying for a short-stay Schengen visa must have insurance. At present, insurance should be taken out for the amount of EUR 30,000.

After undergoing border control, visitors with Schengen visas can move freely in the Schengen zone.

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<sup>2</sup> Third countries are non-EU countries and non-EEA countries.

### Visas – unified visas

Schengen States, including Poland, issue the following types of unified visas which entitle the holder to enter and stay in Schengen territory:

- airport transit visa (A) – valid only for airport transit, does not entitle the holder to leave the airport transit zone;
- transit visa (B) – valid for transit through Schengen territory for not more than 5 days;
- short-stay visa (C) – valid for stays of not more than 90 days in any 180 days.

Apart from unified visas, Schengen States issue national **long-stay visas (D)** and residence permits.

### Visas – residence visa to work

A residence visa is a national long-stay (D) visa that can be issued to foreigners who produce a permit to work in Poland or a written statement from their employer of its intention to hire the foreigner to work if a work permit is not required. This visa is issued for the period specified in the work permit or the statement, though not more than one year. A residence visa issued for work purposes is not a Schengen visa and the holder is entitled to work and stay only in Poland.

### Fixed term residence permit

Foreigners intending to stay in Poland longer than the visa they hold or the period they are allowed to stay in Poland under the visa waiver system should apply to the voivode with jurisdiction over their place of residence or intended stay in Poland<sup>3</sup> for a **residence permit**. Based on this permit, a residence card (previously, a temporary residence card) is issued to them. The permit entitles the holder to stay for a maximum of two years. Foreigners can obtain a permit only if they can prove that their stay in the territory is justified. The regulations give a detailed list of these circumstances, e.g. obtaining a work permit, pursuit of studies, marriage with a Polish citizen.

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<sup>3</sup> Voivode (*Wojewoda*) is the local government administrative authority in a voivodship and the head of the government authority for that voivodship.

### **EC long-term permit to reside in Poland**

Residence permits are issued to foreigners who have lived in Poland legally and continuously for 5 years prior to the application being filed. The applicant must have stable resources and sickness insurance. Foreigners who have obtained long-term residence permits are issued with a decision enabling them to reside in Poland for a non-fixed term and a residence permit that is valid for 5 years, after which time they have to apply for a new permit. An EC long-term residence permit give foreigners, e.g. the right to work on the same principles as Polish citizens (a work permit is not then required).

### **Permit to settle in Poland**

A foreigner can apply for a permit to settle, which entitles the holder, among other things, to work on the same terms and conditions as a Polish national (in this case, a work permit is not required). A permit to settle is issued, e.g. to a foreigner who has been married to a Polish national for at least three years and immediately prior to filing the application lived continuously in Poland for at least 2 years under a fixed term residence permit. The foreigner is then issued with a residence permit (previously a permanent residence permit).

### **Entry conditions for third country nationals under visa obligations**

Third country nationals will be allowed to enter and stay in Poland if they have one of the following:

- uniform short-term Schengen visa;
- Polish long-stay national visa (D);
- Polish residence permit;
- residence permit issued by another Schengen State (permit holders may move within the Schengen zone for a maximum of three months).

### **Foreigners will be deported from Poland if they:**

- are staying in Poland illegally;
- conceal information or provide untrue information in the visa application procedure or;
- do not have sufficient funds to cover the costs of their stay in Poland.

## 1.2. Registration

Foreigners staying in Poland under the visa waiver system should register within 48 hours of arrival. Registration is made on the basis of the stamp in the passport admitting the foreigner to Poland. Registration covers a period of up to three months.

Foreigners staying in Poland under a visa should register for the visa validity period. Registration is made based on either their passport or visa.

Registration is made by the owner of the apartment in their local municipality office<sup>4</sup>.

If the foreigner stays in a hotel, recreation centre, etc, registration for a temporary stay is made by the manager of the hotel or centre.

## 1.3. Currency and money exchange

Poland's national currency is the *złoty*, pronounced "zwo – ti". The smaller unit is a "*grosz*", 1 złoty = 100 groszy. Zloty exchange rates<sup>5</sup> are:


- EUR 1 = approx. PLN 3.99
- USD 1 = approx. PLN 2.88
- JPY 100 = approx. PLN 3.18
- CNY 1 = approx. PLN 0.42
- KRW 100 = approx. PLN 0.25
- INR 100 = approx. PLN 6.27

Currency exchange rates are given on the National Bank of Poland website ([www.nbp.pl](http://www.nbp.pl)) and in daily newspapers.

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<sup>4</sup> Municipal Office (Urząd Gminy) is the lowest in rank of territorial government administrative units.

<sup>5</sup> Average National Bank of Poland exchange rate for 1<sup>st</sup> quarter of 2010.



Foreign currencies can be easily exchanged in banks and exchange offices. Exchange offices can be found in hotels, at airports, railway stations and in many other places. There are also numerous private currency exchange offices called "*kantor*". Kantors are usually open from 9:00 am to 7:00 pm weekdays and until 2:00 pm on Saturdays.

Credit cards are accepted in most hotels, restaurants, larger shops, and travel agencies. Stickers on the doors and windows of businesses usually indicate which credit cards are accepted. The most popular card is VISA and it is honoured by all banks.

There are almost 10,000 automatic telling machines (ATM) in Poland, which accept the following cards: Visa, Visa Electron, Eurocard/MasterCard, Maestro, Cirrus, American Express, Diners Club, PolCard.

Poland is still an inexpensive country and prices for products in shops and prices in restaurants and hotels are lower than in Western Europe. A budget of EUR 25–35 a day should be enough for the average person to live on.

#### **1.4. Time zones and weather**

Poland works on Central European Time (GMT + 01:00), as do the majority of European countries. As in many other countries, Central European Summer Time – UTC (GMT + 02:00) is used to save daylight from March to October.

Poland has a moderate climate with both maritime and continental elements. Spring starts in March with temperatures varying from 1°C (30°F) to 15°C (60°F) until about May or June. July is the hottest month, but the rest of the summer is also quite warm with average temperatures of between 21°C (70°F) and 32°C (90°F). Initially warm and balmy, September marks the beginning of Poland's autumn. Thereafter, the days become wetter and more misty until December, when winter arrives. Winter is cold, with average temperatures of around 3°C (37.4°F) in the northwest and –8°C (17.6°F) in the northeast.

Between 60 and 70% of days are cloudy, which is relatively high. The cloudiest regions are the lake districts in the north and the Sudetes; the least cloudy are Wielkopolska and the Silesian Lowland. The average number of cloudy days a year, with the sky more than 80% overcast, is 120–160; the number of sunny days, with cloudiness below 20%, is 30–50.

Most rain falls in the summer. At this time of the year, precipitation is on average 2–3 times higher than in the winter. With Poland’s predominantly westerly winds, the highest precipitation occurs on the western slopes of mountains and hills. The lowest precipitation occurs in the eastern part of Wielkopolska and in Kujawy, a region lying in the rain shadow of the Pomeranian Lake District.

1.5. National holidays in Poland

The most important national and religious holidays in Poland are:

Table 1 Fixed holidays

HOLIDAY	DATE
New Year’s Day	1 January
Labour Day	1 May
Constitution Day	3 May
Assumption Day	15 August
All Saints Day	1 November
Independence Day	11 November
Christmas	25–26 December

Table 2 Movable holidays

HOLIDAY	2010	2011
Easter	4–5 April	24–25 April
Corpus Christi	3 June	23 June

Throughout the year, apart from holidays, business hours are as follows:

- Offices: Mondays to Fridays from 8:00 am to 4:00 pm.
- Banks: Mondays to Fridays from 8:00 am to 6:00 pm; Saturdays from 9:00 am to 1:00 pm.





## Poland – a place to live

### 2.1. Telecommunications services

#### Telephone land lines

The company Telekomunikacja Polska dominates the telephone land line market, with Tele2, Netia, Sferia, and GTS Energis not far behind. Land line services in Poland are among the most expensive in OECD countries.

#### Mobile networks

There are four mobile telephone operators and many other virtual operators in Poland. All mobile networks offer both monthly subscription and pay-as-you-go where telecommunications services are 'pre-paid' by purchasing a special card.

Table 3 Mobile  
telephone operators  
in Poland

OPERATOR	TECHNOLOGY
Orange – PKT Centertel	GSM, GPRS, EDGE, UMTS, CDMA, NMT 450
Plus – Polkomtel S.A.	GSM, GPRS, EDGE, UMTS
Era – Polska Telefonía Cyfrowa	GSM, GPRS, EDGE, UMTS
Play – P4	GSM, GPRS, EDGE, UMTS

Prices for connections depend on the operator and on the contract with the operator. Details of offers for individual and corporate clients are available in the operators' showrooms and on their websites.

#### Internet in Poland

Stationary Internet access is provided by TPSA, Sferia, Aster City, Netia, UPC and local providers. Wireless Internet services are provided by mobile operators.

Most hotels in Poland have Internet access, although sometimes access is not available in hotel rooms. Most 3-, 4- and 5-star hotels offer their guests Internet access in their hotel rooms.

### 2.2. Transport

#### Buses

The most convenient way to travel short distances is by bus. The National Bus Service (PKS) has the oldest and most extensive network of bus connections



in Poland, but there are more and more private bus companies, which operate domestic and international lines. As regards prices, short trips by bus are cheaper than by train. Bus stations are usually in the centre of town. Tickets can be bought in kiosks, ticket offices or ticket machines.

## Trains

The most comfortable way to get around Poland is by train. The Polish railway network makes it possible to get almost anywhere. Trains in Poland are relatively cheap but can sometimes be overcrowded. There are 2 main types of train: express and fast. Express trains are the fastest but of course more expensive.

All trains have two classes: second class and first class. Most train stations are of a good standard and are well equipped with newspaper kiosks, shops, snack bars, toilets and a left luggage office. Timetables can usually be found in the main hall and are divided into departures (*odjazdy*) and arrivals (*przyjazdy*).

There are fast connections on modernised routes between major cities, such as Warsaw-Katowice, Warsaw-Cracow, and Warsaw-Poznań.

Train types:

- Express/IC InterCity/EC EuroCity – express trains. Obligatory seat reservation PLN 25 for IC, PLN 10 for EX. Weekend ticket for PLN 99/149. Complimentary snacks are served on all IC/EC trains.
- TLK – express trains, which are slower (they stop in minor cities), but cheaper than the above types. Not many routes but a very good alternative for budget travellers.
- Fast trains – long distance, priority trains, which only stop in larger cities. You can buy a weekend ticket for PLN 60/80.
- *Podmiejski* – suburban trains.

Tickets for any route can be purchased at any station. It may be easier to buy tickets in advance as there are usually long queues at the ticket offices. It is now possible to buy tickets for trains on line at [www.intercity.pl](http://www.intercity.pl) or [www.pkp.pl](http://www.pkp.pl).

When travelling by EC/IC/Express trains two tickets are usually issued: one is a regular ticket and the other is a seat reservation. The second ticket shows



travel details such as: departure station (*od*), arrival station (*do*), date and time of departure and arrival, carriage number (*wagon*), seat number (*m. do siedzenia*) and class (*KL*). Some trains have sleeping compartments.

If you miss your train you can get a refund by going to the ticket office and asking for your money back.

### **Taxis**

The best way to get a taxi is to call a taxi company 15 minutes in advance (there is no additional cost for the "on call" service). Phone numbers for taxis can be found on the Internet, on cabs and in newspapers. The cost of travelling by taxi depends on the time of day or week. There are 4 different rates (*taryfa*).

- Taryfa 1: daytime within the city limits;
- Taryfa 2: nights, Sundays and holidays within the city limits;
- Taryfa 3: daytime outside the city limits;
- Taryfa 4: nights, Sundays and holidays outside the city limits.

Taxi drivers are obliged to issue a receipt when asked.

### **Local public transport**

Buses run in all major cities. Large cities like Warsaw, Cracow, Gdańsk, etc. also have trams. Tickets can be bought in newspaper kiosks or from the driver. Warsaw is also the only city in Poland where you can travel by tube to avoid traffic jams. There are no ticket offices at tube stations. Tube tickets are the same as those used for buses and trams and they have to be validated when you pass through the ticket barrier to the platforms.

### **Driving a car**

In Poland they drive on the right hand side of the road. Headlights must be used all year round.

If you have your own car you must remember to:

- arrange third party insurance – this is mandatory (in Polish – OC insurance; in the event of an accident the loss incurred by other innocent participants is covered by OC). Average insurance costs are around PLN 1,200 per year (usually paid in one instalment). The OC premium depends on the type of car,



- the age of the driver, and above all on the insurance company offering the insurance. The penalty for not having third party insurance is a heavy fine;
- optional – arrange fully comprehensive insurance (in Polish – AC); insurance against accidents and theft of the car. The amount depends on the value of the vehicle;
  - optional – arrange accident insurance (in Poland – NNW) – benefits are payable in the event of lasting or temporary loss of health
  - arrange for a technical review of the vehicle once a year (equivalent to the British MOT). If the MOT is out of date, third party insurance will not be valid (if you are stopped by the police you could be fined or have your registration document taken away or they could even seize your car).

### 2.3. Obtaining a driving licence and renting a car

Driving licences issued by European Union Member States, the Swiss Confederation, Member States of the European Free Trade Association (EFTA), parties to the European Economic Area Treaty, states that are parties to the Vienna Convention on Road Traffic or states that have driving licences consistent with the model attached to the Convention are accepted in Poland. Holders of driving licences issued in these countries do not have to pass an exam to get a Polish licence.

The only difference is in how these documents are accepted. Holders of driving licences issued by EU and EEA member states may drive vehicles on their own driving licence until the licence expires. Holders of driving licences issued by states which are parties to the Vienna Convention or states that have driving licences consistent with the model attached to the Convention may use their driving licence for 6 months from the beginning of their stay in Poland, though not after the licence expiry date. Before their licence expires, they have to apply for a Polish driving licence. Under the Convention, they can apply for a driving licence without having to take the written test on Polish road traffic regulations. Their document will be held by the Traffic Authority of the provincial authority<sup>6</sup> until the new one is issued.

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<sup>6</sup> Provincial Authority (*Starostwo Powiatowe*) is a local government administrative unit.



To drive a car in Poland, holders of driving licences issued by non-EU countries, non-EEA countries, and countries other than those that are parties to the Vienna Convention on Road Traffic or those that issue driving licences consistent with the model attached to the Convention (e.g. USA, India) must obtain an international or Polish driving licence. A state/national driving licence without an International Driving Permit (IDP) is not enough. To obtain a Polish driving licence, foreigners must pass a written exam (foreigners who do not speak Polish should use and pay for the services of a sworn translator) and pay the examination fee.

Once they receive their Polish driving licence, foreigners must return their state/national driving licence to the local office that issues such documents. The Polish authorities will send the foreign driving licence to the Embassy with a request that the document be returned to the relevant office in the foreigner's country of origin.

To obtain a Polish driving licence, a non-EU citizen should submit the following documents:

- application on a special form (forms can be obtained in the provincial authority office);
- statement on the intent to stay in Poland for at least 185 days in a calendar year (statement is then attached to the application form);
- one photograph (3.5 x 4.5 cm);
- confirmation of registration in Poland;
- residence card or visa;
- copy of the foreign driving licence (with a sworn translation); and
- proof of payment for the application.

The foreign driving licence will be taken away from the foreigner applying for a Polish driving licence when the Polish document is issued.

### **Car hire**

There are several car hire firms in Poland. Information about car hire can be obtained in Polish hotels or at the airport. Car hire requirements depend on each hire company.



## 2.4. Leasing and purchasing real estate

To buy/sell/rent a flat, office space, house or land in Poland the best and fastest way is to use a real estate agency (rates for real estate or rental agency services depend on the agency). Some real estate agents in Poland may be related to international real estate firms.

To buy or lease real estate you have to:

- select a property with your real estate agent;
- choose a solicitor and arrange a notary for the preliminary agreement;
- arrange a licensed (sworn) translator.

Always use a reputable licensed broker and a solicitor to represent you and check out the title deeds (all property companies will be able to recommend one).

Table 4 Average prices of flats in selected cities in Poland in first quarter 2010 (in PLN per sq.m.) (Source: studies based on press and real estate market reports)

CITY	FLATS ON THE SECONDARY MARKET	FLATS ON THE PRIMARY MARKET
Katowice	4,180	5,224
Łódź	4,270	5,145
Gdańsk	6,120	5,863
Cracow	6,880	6,882
Poznań	5,800	6,828
Warsaw	8,250	8,039
Wrocław	6,585	7,516

Table 5 Prices for office space rental in the first half of 2009 (in EUR per sq.m.) (Source: studies based on press and real estate market reports)

CITY	PRICE
Katowice	14–16
Łódź	13–16
Gdańsk	14–17
Cracow	15–18
Poznań	14–18
Warsaw – city centre	26–28
Wrocław	14–17

Although you can search for real estate to rent or purchase yourself, the best way is to use real estate websites or look for advertisements in daily or specialist press. Unfortunately, advertisements are usually in Polish.



Both Polish and foreign legal entities and individuals can lease real estate. There is no requirement to obtain a permit from the public authorities. The situation is different when it comes to foreigners purchasing real estate.

Under current regulations, foreigners (individuals and entities) that wish to purchase real estate in Poland have to obtain a permit from the Minister of Internal Affairs and Administration. Foreigners also have to obtain a permit from the same authority to purchase shares in a commercial company that has its registered office in Poland or to perform any other act in law that relates to such shares, if the company is the owner or/and perpetual usufructuary of real estate in Poland and if after the purchase or other act, it becomes a so-called "controlled" company.

There are, however, numerous exceptions to this rule, the most important concerning citizens and entrepreneurs (including companies) based in the European Economic Area and Switzerland which do not have to obtain the said permit.

A limited liability company with its registered office in Poland having foreign shareholders (even from outside the European Economic Area and Switzerland) and intending to purchase real estate in Poland does not have to obtain a permit to purchase the real estate, except in specified cases concerning the purchase of forest or agricultural real estate.

Under the Civil Code, a real estate purchase contract must be made in the form of a notarial deed executed before a Polish notary. A contract in any other form is invalid.

## **2.5. Personal banking**

There are several major banks in Poland, including local banks and international banks with branches in Poland. Banks in larger cities are usually open from 9:00 am to 6:00 pm on weekdays. Not all banks are open on Saturday but some are open until 1:00 pm. Banks in smaller towns or villages have more limited business hours, usually from 8:00 am to 4:00 pm.



According to the National Bank of Poland, the biggest banks in Poland are: PKO BP, Pekao SA, ING Bank Śląski, Bank Handlowy, Bank Zachodni WBK, Bank Millennium and Kredyt Bank.

Before opening a bank account in a Polish bank, it is advisable to compare each bank's commission rates for money transfers to and from Poland. Each bank also has different bank charges for banking operations and account services. Money can also be transferred abroad by companies such as Western Union.

Personal banking services provided in Poland:

- personal accounts – checking accounts;
- fixed term deposits;
- investment funds;
- payment cards;
- loans and bank loans;
- telephone banking (24 hours);
- e-banking;
- foreign transactions; and
- foreign exchange transactions.

For residents (persons that have permanent residence in Poland) personal banking services are freely available. For non-residents (persons that do not have permanent residence in Poland) services such as credit cards, loans or bank loans may not be that easy to obtain.

Documents required to open a personal account:

- for residents: identification document (e.g. personal ID card or foreign passport), while some banks ask for a permanent residence card too;
- for non-residents: identification document (e.g. passport) or any document showing an address. It will be also needed some form of evidence showing a regular source of income or rights in Poland (e.g. pension, scholarship grant) and a certificate of residence for tax purposes (to avoid double taxation).

Each bank has a list of the documents that have to be provided for other banking products.





Most banks have a few English speaking employees. The best chance is in the bank's foreign exchange section. Most Polish banks also have an English website.

## **2.6. Marriage between a foreigner and a Polish citizen from a legal perspective**

In Poland people can marry in either a civil ceremony in a registry office or in a religious ceremony with civil and legal effect (e.g. in a catholic church). The basic documents required are:

- identification document;
- original copy of a short birth certificate;
- written statement testifying to there being no obstacles to the marriage;
- marriage permit if required under the Polish Family and Guardianship Code; and
- for divorced persons – an abridged marriage certificate bearing a note on the divorce;
- for widows or widowers – the spouse's death certificate.

Documents of foreigners must be accompanied by a sworn translation.

### **Additional documents to be submitted by foreigners**

A foreigner wishing to get married in Poland must present the following additional documents for both a civil and a church marriage:

- a document to testify that, according to the law of the foreigner's country, the foreigner may get married abroad; the document must be issued by the competent authorities in the foreigner's country of origin or by a diplomatic representative. The law of the foreigner's country provides for certificates to be issued on there being no legal obstacles to marrying the person named on the certificate. Whether a person can marry is governed by the domestic law of that person; however this should also be evaluated in terms of compliance of this law with the fundamental principles of the legal system in Poland. Thus it may happen that a foreigner who can marry under the law of his/her home country will not be permitted to do so if there is an obstacle that cannot be removed by court order, i.e. there is an affinity by blood, marriage, or adoption, or if the woman or man is under age (the required



minimum age to marry in Poland is 16 for women and 18 for men).

Foreigners who are already married cannot marry again in Poland even if this is permitted under their domestic law; and

- a civil court permit if the above document is hard to obtain (the country of origin does not issue such documents). In the proceedings to release a foreigner from the obligation to file the above document, the court has to determine under the relevant law whether the person can marry.

If a foreigner lives in Poland under a permit to settle, he/she should also present:

- passport; and
- residence card (previously, permanent residence card).

If a foreigner is staying in Poland under a fixed term residence permit, he/she should present:

- passport; and
- residence card (previously, temporary residence card).

If a foreigner is staying in Poland under a visa, though for not more than one year, he/she should present:

- passport; and
- visa (if the foreigner's country is covered by the visa waiver system, the foreigner need only present his/her passport).

A registry office marriage cannot be entered into before one month has passed from a written statement testifying that the parties are not aware of there being any obstacles to the marriage being made to the head of the registry office. The head of the registry office may consent to the couple getting married before the end of this period if there are serious reasons to do so (e.g. pregnancy or unavoidable travel). The statement can be made before the head of any registry office in Poland or, if abroad, before a Polish consul or notary. The statement cannot be made before the head of a foreign registry office.

### **Church marriage with civil and legal effect**

Persons who wish to marry in a church ceremony with civil and legal effect need to obtain a certificate from the head of the registry office in the permanent place of residence of one of the parties. This certificate states that



there are no obstacles to the marriage and contains details of the content and date of statements made before the head of the registry office concerning the future names of the spouses and children. Documents to be submitted to obtain the certificate are the same as those required for a civil marriage.

The certificate is valid for three months. Without this certificate priests cannot accept the statement on marriage. Additional documents required for a church ceremony with civil and legal effect must be agreed upon with the authorities of the church in which the couple intends to marry.

## **2.7. Registration of children born to a foreign – Polish couple**

The birth of a child must be registered within 14 days in the registry office in the child's place of birth. The child should be registered by:

- the child's father or its mother if her health permits her to do so, or by any other person present at the birth; or
- the doctor or midwife.

The birth certificate is based on a written report made by the doctor or the medical centre.

If a child is born out of wedlock, the father may admit paternity with the mother's consent. A child born during marriage or within 300 days of termination or invalidation of a marriage is presumed to be the child of the mother's husband.

### **Polish citizenship for the child**

A child becomes a Polish citizen if one of the parents is a Polish citizen regardless of the place in which the child is born. In a statement made by the parents before the competent authority (consul for persons residing abroad or head of province<sup>7</sup> for persons residing in Poland) within three months of the child's birth the parents may also state that the child will have the nationality of

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<sup>7</sup> Head of a province (*Starosta*) is the local government administration authority in a province and the head of the government authority for that province.



the foreign country of which one of the parents is a citizen provided the child acquires such nationality under the laws of that foreign country.

## **2.8. Health insurance and medical services**

In Poland a foreigner who has an employment contract with a Polish company (including Polish companies with foreign capital) based on a valid working visa is entitled to use public healthcare services free of charge if the company pays social security (*ZUS*) contributions. Social security contributions for pension and disability are paid by both the employer and the employee.

The calculation base is usually the employee's gross remuneration.

A foreign employee who does not have an employment contract but works in Poland on secondment from a foreign company, and those who are appointed to the management board of a Polish company (including Polish companies with foreign capital) can be exempt from paying social security contributions in Poland.

Among foreign expatriates, it is very popular to subscribe to private medical services. There are private medical centres in most major cities and the absence of centres in smaller towns (with 10–20 thousand inhabitants) is still noticeable.

Corporate clients are the biggest client group for private medical centres. The costs of employees' healthcare can be treated as tax costs. Medcover, LuxMed, CM LIM, CM Enel Med and CM Damiana are the biggest private medical centres.

Many offer clients 24 hour appointments, 24 hour ambulance service, telephone medical information services, emergency care, home visits, complex diagnosis examinations and vaccination services in English. The most typical contracts are monthly subscription contracts with several standard selections. Customers are usually given a medicare identification card. The monthly fee for standard services for an average family (parents with two children) is in the range of PLN 300–700 and for a single adult PLN 150–250 for individual clients.



Corporate rates for standard services are between PLN 20–100 per subscriber, though rates are negotiable depending on the size of the company, the number of the subscriber's family members, and the required quality.

## 2.9. Education

From September 2009 school in Poland starts at the age of six at primary school (*szkoła podstawowa*). Next comes lower secondary level with three years at gymnasium (*gimnazjum*), starting at the age of 13 and ending with an exam. This is followed by upper secondary level, for which there are several alternatives, the most common being three years at *liceum* or four years at *technikum*. Both end with a maturity examination (*matura*) and may be followed by several forms of further education, leading to a *licencjat* or *inżynier* (Polish equivalents of a *bachelor's degree*), *magister* (Polish equivalent of a *master's degree*) and eventually *doktor* (Polish equivalent of a *Ph.D.*).

There are both state and private higher education institutions in Poland. The latter began to appear after 1990. A private school of higher education must have permission to operate from the Ministry of National Education. It acquires legal status when registered by the Minister of National Education.

In 1998 the first state and private higher professional (vocational) education schools began to appear. These schools train students in professions and prepare them for work through 15-week internships and school practice that are included in the mandatory curriculum.

University can take the form of day, evening or extramural studies and distant learning courses. Daily attendance is the prevalent form.

To qualify for admission to a higher education institution, the applicant must have passed the maturity exam (*matura*). The rules of admission to the first year are set individually by each institution. Some have entrance examinations, others use ranking procedures based on the final grades listed on the maturity exam certificate, while others admit all who apply.



There are two school holidays a year: the winter holiday – two weeks in either January or February (the exact date depends on the voivodship), and the summer holiday – starts in late June with school starting again on 1 September (universities have 3 months' holiday – until the end of September).

## **2.10. Food**

Restaurants in Poland serve mainly traditional and international cuisine. In many major cities, such as Warsaw, Cracow, Gdańsk, Łódź, Poznań, there is a variety of good restaurants serving European, Asian, vegetarian and other cuisines. Many luxury hotels have good restaurants that offer good value for money.

At weekends popular restaurants may be crowded so making a reservation is highly recommended.

Restaurants and other types of food service are generally inexpensive compared to prices in Western Europe or the United States. Polish restaurants and bar bill do not usually include a tip – it is customary to leave around 10%. International credit cards are accepted in most restaurants.

## **2.11. Entertainment**

Big commercial centres – the coastal Tri-City (Gdańsk, Gdynia and Sopot), Warsaw, Poznań, Toruń, Wrocław and Cracow – are buzzing with social, cultural and night life throughout the year. Poland offers contact with different cultures through numerous festivals which are often highly reputed and with long traditions.

There are many cinemas: small ones which are usually located in historic townhouses, and huge cinema complexes with more than ten screens. These large cinemas can be found in big shopping centres where people can also play pool, go ten-pin bowling, dance in a disco or just shop in elegant boutiques. Most shopping centres are also equipped with fitness clubs. The largest network of centres is in Warsaw but now every other larger city offers this kind of recreation.



### 3.1. Work permits

Permit types:

- **permit A:** a foreigner works in Poland under a contract with an entity that has its registered office or place of residence, or branch, permanent establishment or other organised form of business in the Republic of Poland;
- **permit B:** a foreigner, in connection with his/her position on the management board of a legal entity entered in the commercial register or being a capital company in organisation, stays in Poland for more than 6 months in any 12 consecutive months;
- **permit C:** a foreigner works for a foreign employer and is seconded to Poland for more than 30 days in any calendar year to a branch or permanent establishment of a subsidiary or a related entity under a long-term contract on co-operation with that foreign employer;
- **permit D:** a foreigner works for a foreign employer that does not have a branch, permanent establishment or other organised form of business in Poland and is seconded to Poland to perform services of a temporary and occasional nature (export services);
- **permit E:** a foreigner works for a foreign employer and is seconded to Poland for more than 3 months in any 6 consecutive months for a purpose other than that listed for permits A–D.

Generally, it is not the foreigner but the employer who files the application for the permit. The work permit procedure takes 4–6 weeks from the date the documents are filed with the authority.

The obligation to hold a work permit in Poland does not apply to foreigners who already have the relevant permits or consents.

Having obtained a work permit, the employer may conclude an employment contract with the foreigner for a term until the end of the work permit validity. The contract must specify the exact position shown in the work permit. The contract may be extended for subsequent periods only after consent to extend the work permit is obtained.



The work permit is issued by the Voivode with jurisdiction over the registered office of the employer with which the foreigner is to be employed.

### **Employment contracts – general principles**

Under Polish labour law there are several types of employment contracts. This does not apply to persons working under civil law contracts (i.e. service contracts). An employment contract can be concluded for:

- a non-fixed term;
- a fixed term;
- the time required to complete a specific task; and
- the period during which another employee is absent.

Each of these contracts can be preceded by a separate trial period employment contract (maximum of three months).

The minimum remuneration for full-time employees is specified in the Minimum Remuneration Act and Council of Ministers' regulations.

The general rule is that an employee cannot be paid a lower amount than that specified by the law. For example, the minimum monthly wage for the year 2010 has been set at PLN 1,317. Remuneration in Poland is set gross, i.e. before tax, social security contributions or other mandatory payments.

### **3.2. Types of companies**

Anyone can establish and carry out business activity in Poland with equal rights provided they observe the law. This regulation is, however, restricted for foreigners.

Entrepreneurs from EU countries, EEA countries and countries which are not parties to the EEA Treaty that have freedom of establishment under treaties concluded by these countries with the European Community and its member states may carry out business on the same principles as Polish citizens. Entrepreneurs from other countries, e.g. China, Japan, North Korea and India, may establish and carry out business activity only in the form of a limited liability company, joint-stock company, limited partnership, or limited





joint-stock partnership. A foreign entrepreneur wishing to carry out business activity in Poland can also establish branches (on the reciprocity principle) or representative offices.

The following types of partnerships and companies can be established in Poland:

**Partnerships:**

- registered partnership (*spółka jawna*);
- professional partnership (*spółka partnerska*);
- limited partnership (*spółka komandytowa*); and
- limited joint-stock partnership (*spółka komandytowo-akcyjna*).

Each partner is subject to PIT at general rates. Each partnership must be entered in the Polish Court Register. According to legal provisions, the rights and obligations of a partner in a partnership may be transferred on certain conditions to another party who becomes a partner after the effective transfer of the rights.

Companies:

- limited liability company (*spółka z ograniczoną odpowiedzialnością*); and
- joint-stock company (*spółka akcyjna*).

These companies are intended for large business ventures. Their shareholders are liable only up to the amount of the share capital. However, in certain circumstances (e.g. if enforcement against the partnership/company proves ineffective and no petition in bankruptcy has been filed by the required date) management board members are liable jointly and severally for the company's liabilities.

To establish a company, share capital of PLN 5,000 must be contributed for a limited liability company and PLN 100,000 for a joint-stock company. Companies are subject to CIT.

Before choosing the legal form, an entrepreneur should consider the intended size of the business, the scope of responsibilities, running costs, etc.



The most popular type of company among foreigners and foreign investors is a limited liability company.

### 3.3. Stages in establishing a company

Under the Polish Code of Commercial Companies, the following steps are required to set up a limited liability company:

- executing articles of association (in the form of a notarial deed before a Polish notary) which may be done on the basis of a power of attorney; minimum share capital is PLN 5,000 and the minimum value of one share is PLN 50;
- opening a bank account in a bank operating in Poland;
- paying contributions to cover the entire share capital to the new company's bank account or making in-kind contributions;
- appointing a management board for the new company; and
- filing an application to register the company in the Polish Court Register and the company being entered in the register.

Apart from registration in the Polish Court Register, to start its operation a limited liability company in Poland has to obtain REGON (statistical number) and NIP (tax identification number) and register as a VAT payer. These actions may also be carried out by a proxy.

The authorities of a limited liability company are the shareholders' meeting and the management board. A supervisory board or audit commission are optional, unless the limited liability company has share capital of more than PLN 500,000 and more than 25 shareholders. The shareholders' meeting is the supreme authority of a limited liability company.

The court and administrative costs of establishing a limited liability company with minimum share capital of PLN 5,000 is around PLN 3,200 and it takes about 6 to 7 weeks.



### 3.4. Other forms of business activity

Under Polish law, foreign investors may carry out business in the following forms:

- branch; or
- representative office.

A branch is registered in the commercial register, which is part of the Polish Court Register, under the name of the foreign investor with the addition “branch in Poland”. A branch can only conduct business which is the same as that carried out by the foreign investor. The Minister of the Economy can prohibit a branch operating in certain situations specified in the law. Foreign companies can set up branches in Poland based on the reciprocity principle, and EEA companies – on the same rules as Polish companies.

A representative office can only promote and advertise the foreign investor. No other business can be conducted in this form. A representative office is entered in a special register of representative offices kept by the Minister of the Economy. Registration may be refused in certain situations provided for in the law.

Since Poland became an EU member state, there is a larger choice of forms available for business, including new European structures for cross-border cooperation such as the European Economic Interest Grouping and the European Company.

### 3.5. Corporate banking

A company owner can open an account to settle all its accounts safely and quickly. In practice, all banks in Poland offer packages tailored to the needs of each particular company.

As part of the package, banks also offer:

- current accounts (checking, auxiliary, consolidated, or escrow) for residents and non-residents;



- e-banking;
- payment cards;
- fixed-term deposits, treasury bills and bonds;
- foreign transaction services;
- investment loans;
- bank suretyships and guarantees;
- assistance with EU subsidies; and
- leasing.

To open a business current account, the bank will ask for the following documents:

- documents confirming business activity (articles of association in the form of a notarial deed, a decision granting REGON statistical number and NIP taxpayer identification number);
- identity document (e.g. identity card); and
- company details and personal details needed to fill in the registration form.

Corporate clients are often assigned customer relationship managers who provide assistance and explain banking procedures. Most banks have English speaking employees in their corporate banking departments.

### **3.6. Taxation**

The Polish tax system covers a number of taxes which can be divided into two main groups:

- direct taxes, which are assessed on personal revenue or property (e.g. personal income tax, corporate income tax, civil transactions tax);
- indirect taxes included in the price of goods and services (e.g. VAT, excise duty).

#### **CIT**

Resident companies pay corporate income tax on their worldwide income and capital gains. This tax is collected by the State Treasury. Non-resident companies are taxed only on income and capital gains earned in Poland.



In practice, taxable income is arrived at by adjusting accounting profits for tax purposes. Taxpayers are obliged to keep books of account in a manner that allows the taxable base and the amount of tax due to be calculated.

Taxable revenue of incorporated entities carrying out business activity are generally recognized on an accrual basis.

Costs incurred in earning revenue are generally tax deductible at the time the revenue is earned or in the tax year in which they are incurred.

Tax losses suffered by a company which has legal personality may be carried forward and set off against income over the five following tax years. Up to half the original loss may be deducted in any one year. Losses cannot be carried back.

The standard corporate income tax rate is 19%. If a taxpayer's tax year is different from the calendar year, the start of the tax year determines what tax rate will apply during the entire tax year.

Taxpayers have to file their annual tax return by the end of the 3rd month of the following tax year.

## PIT

Individuals who are domiciled in Poland (i.e. having a centre of economic or personal interest in Poland or staying in Poland for more than 183 days a year) pay tax on their worldwide income. Limited taxation (i.e. on Polish source income only) applies to individuals who are not domiciled in Poland.

Foreign nationals with limited Polish tax liability are taxed only on income received in connection with the performance of duties in Poland or from Polish sources.

TAXABLE INCOME (PLN)		TAX %
0 – 85,528		18%
85,528.01 and over		14,839.02 + 32% of any amount over PLN 85,528

Table 6 Poland –  
individual income tax  
rates 2010



An annual tax credit of PLN 556.02 is available to all individuals who have a taxable presence in Poland.

Polish employers should deduct tax from their employees' taxable salary and remit these amounts to the tax office by the 20<sup>th</sup> day of the month following that for which the tax is payable. Annual returns should generally be filed by the taxpayer (and the tax due paid) by 30 April of the following year, stating all sources of income and showing any additional tax due.

## **VAT**

Polish VAT is a general value added tax levied on supplies of goods and services by taxable persons within the territory of Poland. It is also levied on imports and intra-Community acquisition of goods. The VAT system has a broad base and applies to all stages of the supply chain, from production to consumption. The liability to charge VAT falls on the person supplying the goods or services. Entities that perform activities subject to VAT in Poland are obliged to register for VAT before undertaking their first taxable activity. Taxpayers whose net taxable sales did not exceed PLN 100,000 in the previous year are exempt from VAT and are not obliged to register for VAT purposes. However, taxpayers can opt for taxation provided they notify the relevant tax office of their intention.

The registration threshold does not apply to non-resident taxable persons, who must be registered for VAT purposes irrespective of the value of the transactions they carry out subject to VAT in Poland.

VAT payers that do not have a registered office, fixed place of business or place of residence in Poland or another EU country are obliged to appoint a fiscal representative. The fiscal representative is jointly liable with the business it represents for all Polish tax liabilities.

In Poland there are three VAT rates: the standard rate of 22%, and the reduced rates of 7% and 0%. The standard VAT rate applies to all supplies of goods or services unless a reduced rate or exemption can be applied under specific provisions. As an example, the 7% VAT rate is payable on healthcare related goods and hotel services. The 0% rate applies to goods exported outside the



European Union and intra-Community supplies of goods. There is also a super-reduced VAT rate of 3% that can be applied to foodstuffs.

Under the VAT Act certain supplies are exempt (without the right to deduct input VAT), e.g. financial, educational or healthcare services.

In general, taxable persons are entitled to recover the VAT paid on goods and services purchased from another taxable person, imported or acquired, provided that they use those goods or services for carrying out taxable transactions.

Non-resident taxable persons registered for VAT in Poland are entitled to a VAT refund on the same conditions as those applicable to resident taxable persons. Non-residents not registered for VAT in Poland are also entitled to a VAT refund under a special procedure (by submitting a refund application).

As a rule VAT returns are filed on a monthly basis, though taxpayers may choose to file VAT returns quarterly. In the case of monthly settlements VAT returns must be filed and the VAT due paid in full by the 25<sup>th</sup> day of the month following that in which the tax point arises. Taxpayers who trade in goods with other EU countries must also file statistical reports (INTRASTAT) on a monthly basis and EC Sales and Purchase Lists (recapitulative statements) on a monthly or quarterly basis (depending on the value of the transactions performed).

### **Excise duty**

Excise duty (*akcyza*) is charged, e.g. on the production of excise products (alcohol, fuels, energy, tobacco) and cars and the release of such products from the tax warehouse, export, import and supplies in Poland of these products.

It is calculated either as a percentage of the value of the goods or on a quantity basis (fixed rate per unit).



### 3.7. Investment incentives

#### System of investment incentives in Poland

The investment incentive system in Poland is compliant with the requirements of EU law and consists of two main types of state aid: regional and horizontal. The amount of state aid that may be awarded to an investment cannot exceed certain levels set separately for each aid category.

State aid is supervised by the European Commission (EC). EU Member States are required to notify the EC of any plan to grant or alter state aid and no aid can be granted until it has been authorised by the EC. Thus the EC may have to be notified of aid and this should be checked in each case separately.

#### Regional aid

Regional aid is aimed at supporting initial investments, which are generally defined as investments in setting up a new enterprise, extending an existing enterprise, diversifying output to cover new, additional products, or fundamentally changing the overall production process of an existing enterprise.

One of the conditions which must be satisfied in order to benefit from this type of aid is that the investment and/or new jobs must be maintained for a minimum of 5 years (or 3 years in the case of small and medium enterprises).

Regional aid for initial investments can be awarded up to the maximum aid intensity, understood as a percentage of costs eligible for funding, e.g. investment or job creation costs. Depending on the location of the investment (voivodship) the aid intensity in Poland varies from 30% (in Warsaw) to 50% (in the majority of voivodships). The intensity is increased for small (by 20 percentage points) and medium enterprises (by 10 percentage points) and decreased for large investment projects (investment costs of more than EUR 50,000,000).

As regards forms of regional aid, new investments in Poland can be supported by means of:

- cash grants from EU funds;
- CIT exemption for companies operating in special economic zones (SEZs);





- Multi-Annual Support Programmes;
- real estate tax exemption.

The various forms of aid may be cumulated, but the total support for an investment cannot exceed the maximum admissible state aid intensity.

### **Cash grants from EU Funds**

In order to receive a cash grant from EU funds, the investor must first file a comprehensive grant application in which the investment project is described in detail. The applications are then evaluated and cash grants are given to the best projects under financial covenants concluded between the applicant and the relevant authorities.

The whole assessment procedure takes ca. 4–5 months. An investment to be co-financed from cash grants may only be started after the application has been submitted.

Cash grants can be given particularly for new investments with significant innovative potential which generate significant added value for the economy and for investments in renewable energy.

### **CIT exemption in SEZs**

SEZs are part of Polish territory set up for a specific period (until 31 December 2020) where enterprises are offered CIT exemption as an available investment incentive. At present there are 14 SEZs in Poland. Each SEZ consists of several sub-zones which are located in different places, not necessarily adjacent to each other.

CIT exemption in SEZs can be granted only on the basis of a permit to operate in a SEZ, which is issued by the SEZ managing company after a tender and/or negotiations held upon a public invitation. In order to obtain a SEZ permit and take advantage of the SEZ incentives:

- the investment should be worth at least € 100,000 and should operate for a minimum period of 5 years (3 years for SME);
- new jobs must be maintained for at least 5 years (3 years for SME).

The investment cannot begin before the SEZ permit is issued.



SEZ permits specify the requirements imposed on investors, e.g. they stipulate:

- the business activity to be run by the investor in the SEZ;
- the number of new employees to be employed;
- the value of investment outlays to be incurred;
- the investment completion date;
- the maximum value of investment costs or two-year employment costs (implying the maximum aid possible);
- deadlines for fulfilling the obligations.

The permit is valid until the SEZ ceases to exist.

There is a list of business activities which cannot be performed in the SEZ under the SEZ permit, mainly covering services. However, shared service centres and companies operating in the outsourcing services sector may also be located in SEZs.

### **Multi-Annual Support Programmes – government grants for major investments**

This type of aid has been designed to attract investments of special importance to Poland. Therefore, a Multi-Annual Support Programme (MASP) is designated for large investments which are considered crucial to the Polish economy. The MASP is financed from the Polish budget. In order to apply for support within this aid scheme, investments should be:

- implemented in a priority sector, such as the automotive, electronic, aviation, biotechnology, new services (particularly IT, BPO and telecommunications services) and R&D sectors,
- implemented in other sectors and constitute a “significant” investment of minimum eligible costs of PLN 1 bn and creating at least 500 new jobs.

The maximum level of aid is 15% of eligible costs for a project in a SEZ and 30% outside the SEZ area.

In order to benefit from this aid scheme, investors negotiate the aid with the Polish Information and Foreign Investment Agency and the Ministry of the Economy. The amount of aid to be received generally depends on the outcome of the negotiations. Negotiations are finalised in the form of an agreement,



which is signed once the Council of Ministers adopts a resolution on the MASP for a given investor. As a rule, the aid granted is then notified to the EC. The notification procedure for the Council of Ministers resolution concerning the MASP takes approximately 4–5 months.

### **Real estate tax exemption**

Real estate tax (RET) is a local tax, therefore RET exemption is a form of aid granted by local authorities under local regulations. RET exemption is a form of regional aid, so all the rules on this type of aid apply. RET exemption is granted for the period specified in the regulations, usually from one to five years.

### **Horizontal aid**

Horizontal aid schemes are separate from regional aid. This means that even companies that have used up the maximum available regional aid may benefit from horizontal aid schemes.

### **Horizontal aid for employment**

Employment aid is considered horizontal aid if the creation of new jobs is not linked to an initial investment. An employment grant may be obtained only for recruiting unemployed persons. Job creation is understood as a net increase in the number of jobs compared to the annual average employment level maintained for a specified period.

Employment aid is granted for, e.g. the following types of projects:

- job creation;
- employment of disadvantaged or disabled people;
- to cover the additional costs incurred in employing disabled people.

Aid intensity varies from 50% to 75% of eligible expenses depending on the support scheme and the category of unemployed to which the support is related. Generally, a company completes an application and submits it to the District Labour Office. If the decision is positive, the company then concludes an agreement with the local authorities. Under the agreement the investor is obliged to maintain the employment level and new jobs for 12–24 months, depending on the category of unemployed. Funding starts from the moment selected persons are employed.



### **Horizontal aid – training grants**

Training aid covers public support for different kinds of training useful for employees. Companies can take advantage of training aid directly (aid is granted to the beneficiary) or indirectly (aid is granted to a training institution, thus reducing training costs for the beneficiary enterprise).

Training grants may cover both general and specific training (i.e. training which provides qualifications connected directly, or mainly, with the current or future position held in the supported company), in, e.g. IT use and application, enterprise management, including human resources management, work organisation improvements, postgraduate studies for employees and managerial staff, internships for employees in scientific and research institutions and upgrading the skills of employees with low qualifications.

### **Horizontal aid – R&D support within EU structural funds**

Aid for R&D can be granted for:

- fundamental research – experimental or theoretical work undertaken primarily to acquire new knowledge, without any direct practical application or use in view; in this case, the aid intensity is 100% of costs eligible for support;
- industrial research – planned research or critical investigation aimed at acquiring new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services; in this case the aid intensity varies from 50 to 80%, depending, e.g. on the size of the enterprise;
- experimental development – acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills for the purpose of producing plans, arrangements or designs for new, altered or improved products, processes and services; in this case the aid intensity varies from 25 to 60%, depending, e.g. on the size of the enterprise.

## **3.8. Construction**

The construction process involves the investor first obtaining information about a particular real property and the related permits and documents needed to start the investment process. Key information for investors on construction procedures in Poland is given below.



In order to purchase real estate to be used for an intended investment the investor must first check certain important information, including whether:

- the real estate is covered by a local master plan;
- the real estate to be used for the investment is intended for (agricultural, industrial, construction) purposes; and
- the seller has legal title to the real estate and whether other entities, e.g. state and local government units, have the right of first refusal or other rights to the real estate.

If the legal status of the real estate is clear and the real estate can legally be used for the intended type of investment, the investor can purchase it and start construction.

### **Construction contract**

In order to construct a building, the investor may conclude a construction contract with a contractor. Under this contract, the contractor agrees to construct and hand over the facility specified in the contract, built in accordance with the design and the principles of technology, while the investor agrees to take the steps required by the relevant provisions connected with construction work preparation, handing over the construction site and the design, and accepting and paying the agreed fee for the facility.

The parties can generally shape the construction contract as they wish. In the contract, the investor and the contractor will, among other things, specify the scope of the work to be carried out by the contractor itself and that to be outsourced to subcontractors. It is important to note that any contract executed by the contractor with a subcontractor must first be approved by the investor which is jointly and severally liable with the contractor for paying the subcontractor's fee.

### **Obtaining a construction permit**

In accordance with construction law, construction work can start only when a final and non-revisable construction permit decision is issued by the competent authorities, i.e. the head of the province or the president of the city. However, construction law lists a number of construction works for which



a construction permit is not required (please note that the competent public administration authorities must still be notified before work commences).

In some instances, a construction permit is only issued once the investor has obtained the permits, consents or opinions of other authorities (e.g. a permit to carry out work on a public road or an environmental permit) required under separate regulations.

### **Putting the facility into use**

The investor can only start using a facility for which a construction permit is required when it has notified the competent authorities that construction has finished and if this authority does not raise any objections within a specified period. The investor must attach to the notification all the construction-related documents listed in detail in construction law. In certain cases, the investor has to obtain an occupancy permit before it can start using the facility. This covers the situation where the facility belongs to a specified category or where the obligation to obtain an occupancy permit was imposed in the planning permission.

## **3.9. Company stationery**

For company stationery, such as business cards, company letterhead, envelopes, etc, it is best to find a printing company (specialising in designing and printing all company stationery) on the Internet. To this end, just enter 'business cards' + city in the search engine and you will find a number of links to printing company websites, many of which are also in English.

Production costs are not high and depend on the quantities ordered, as well as the quality of the paper and colours used. The minimum order is usually 100 items.



## Cultural differences

### General Guidelines

Poland is a perfect example of a high-context country, as opposed to the USA where business is often done over the phone or by e-mail. In Poland there is a preference for doing business face to face. It is important to know that in Poland building relationships is the key to successful cooperation. It is good to maintain direct eye contact during a conversation. Polish people are very sensitive to body language. Make an effort to smile. Polish businesspeople love to discuss a wide range of topics including public life, family and career. If your partner is telling you something, show an interest in what he or she has to say. The best ice-breaker is to start with introductory, neutral conversation topics, such as the weather, your trip to Poland, interesting facts about your homeland and short-term plans. After the initial contact has been made, Polish people like a fairly personal approach, certainly when business contacts are conducted over the long term. If you are in a group, avoid having private conversations. It is better if you try to involve others in the discussion.

The order of Polish names is the same as in other countries in Europe and in the United States, with the first name followed by the surname. There is no general rule on how Polish people address each other. In initial contacts they may use the person's title or basic courtesy titles such as Mr., Mrs., or Ms. followed by the surname or first name. Just follow your hosts' example. Usually, after two or three meetings, people start to use first names. Professional titles are used when addressing Polish executives.

The more you converse with your business partner the more physical he or she may become. Therefore, just enjoy it if typical business standoffishness eventually transforms into friendly conversation with backslapping. You should not speak with your hands in your pockets. Do not sit with one ankle resting on the other knee.

Learn some basic Polish words. Trying to use the Polish equivalents is always considered a friendly gesture. The standard greeting is a firm handshake. The same applies to farewells. Kissing and hugging are a bad idea, unless your partner is a very good friend. It is important to show special consideration to the elderly.



In buildings, men are expected to hold the door open for women. If you can't do so and the woman opens the door herself, it is polite to try to hold it open for her. If you have a female passenger in the car you are driving, it is polite to open the door for her and let her enter first.

### **Appointments**

Be punctual. If you are going to be late, send a text or call the other person to let them know. Forget about meeting on Sundays. Poland is 90% Catholic and Sunday is considered a day of rest. Refrain from calling your Polish partners after working hours. If it is important, send them a text and ask for feedback. The usual time for appointments is between 10:00 am and 12:00 am and 2:30 and 4:00 pm. Regarding dates, people in Poland write the day first, then the month, then the year (e.g. 08.11.2005).

If you want to get to know your fellow workers or business partners better, just invite them for a cup of coffee or for lunch. Or you might want to invite them to dinner at a restaurant. Breakfast and supper meetings are rare. The most popular place to have a meeting with your business partner is of course a restaurant. Meetings in pubs are also very popular, especially among young executives. The most frequently ordered drink is beer. Limit your invitation to one or two persons. Do not bring up the subject of business unless your business partner does so.

When you are invited to an informal social event at a Polish home, you should arrive a quarter of an hour after the appointed time. This will give the host enough time to prepare everything without rushing. But don't be more than 30 minutes late. Appointments should be confirmed a couple of days beforehand. If someone invites you to dinner or supper at a home, a small gift such as a bottle of wine or some flowers for the hostess are expected. Wait to be seated by your host or hostess at the dinner table. Wait for the host to start eating before you do. A toast is usually made before or after eating. If you propose a toast it is important to maintain eye contact. Do not start drinking until your host has proposed a toast to everyone at the table. If your host stands when proposing a toast, so should you. In Poland the most usual toast is 'na zdrowie!'





## Negotiations

Before each meeting you should have your business cards ready. When you meet a businessperson for the first time, that is the best time to exchange business cards. You should be the first to offer your card. Business cards do not have to be translated – the English version is acceptable. Your company's brochures and other promotional materials should be in the language in which you communicate with your business partners, probably English or German.

When entering the meeting room, wait for your host to show you where to sit. If there are already people in the meeting room that you do not know, wait for a third person to make the introductions. All meetings generally start with small talk.

Polish negotiators tend to be reserved and taciturn. Periods of silence during negotiations are not unusual. Do not try to fill the silence with unnecessary talk. The essentials are what counts. Prepare yourself thoroughly by trying to analyse the environment of the company with which you are to negotiate. Be sure you have the power to make concessions on your side. If possible, your company should be represented by two negotiators, preferably a woman and a man. At least one of them should be middle-aged. Be patient – in Poland, the decision-making process is slower than in North America or Germany. Be prepared to have several meetings before clinching a business deal.

## Business dress

The business culture in Poland dislikes ostentatious displays of wealth. Your Polish counterparts will take note of whether your clothes is clean, well pressed and in good condition.

In big companies, conservative suits and ties in subdued colours are the norm. Vivid colours are considered inappropriate. Women should wear conservative suits or dresses. Preferred colours are black, gray, brown, beige and dark blue. A scarf or a tie expressing your personal style is acceptable. When wearing jewellery, remember that it should be elegant but modest. T-shirts, sweatpants, shorts, and running shoes are not acceptable, even if it is 30° C. When you are invited to dinner by colleagues after work you should mix your wardrobe and



wear a less formal shirt, for instance a button-down collar and a single-breasted jacket without a tie.

### **Business gifts**

According to Polish business etiquette, gifts are given at the beginning of a relationship, especially when contact is made for the first time, and at the end of any period of co-operation. In the first case, you should handle gift giving with care if you do not want to be misunderstood.

The best gifts are always items which are typical of your culture. Another good present is, for instance, a book about your country or the region you are from. Remember, if you cannot find an appropriate product which is representative of your country, you can always give a book or exclusive writing accessories. These will always be welcome gifts. Do not give an extremely expensive gift. It is safe to spend not more than about EUR 200.

## Useful contacts

### **Chinese Embassy in Poland**

ul. Bonifraterska 1  
00-203 Warsaw  
Tel. +48 22 831 38 36  
Fax. +48 22 635 42 11  
[www.chinaembassy.org.pl](http://www.chinaembassy.org.pl)

Office hours: Mondays to Fridays from 8:30 am to 12:00 am and from 2:00 pm to 5:30 pm

### **Indian Embassy in Poland**

ul. Rejtana 15, flats 2-7  
02-516 Warsaw  
Tel.: + 48 22 849 58 00  
[www.indianembassy.pl](http://www.indianembassy.pl)

Office hours: Mondays to Fridays from 8:30 am to 5:00 pm

### **Japanese Embassy in Poland**

ul. Szwoleżerów 8  
00-464 Warsaw  
Tel: +48 22 696 50 00  
Fax: +48 22 696 50 01  
[www.pl.emb-japan.go.jp](http://www.pl.emb-japan.go.jp)

Office hours: Mondays to Fridays from 8:30 am to 5:00 pm

### **Embassy of the Republic of Korea in Poland**

ul. Szwoleżerów 6  
00-464 Warsaw  
Tel: +48 22 559 29 00  
Fax: +48 22 559 29 05  
<http://pol.mofat.go.kr>

Office hours: Mondays to Fridays from 9:00 am to 12:00 am and from 1:00 pm to 5:00 pm

### **US Embassy in Poland**

Aleje Ujazdowskie 29/31

00-540 Warsaw

Tel.: +48 22 504 20 00

<http://polish.poland.usembassy.gov/>

Office hours: Mondays to Fridays from 8:30 am to 5:00 pm

### **British Embassy in Poland**

ul. Kawalerii 12

00-468 Warsaw

Tel: +48 22 311 00 00

Fax: +48 22 311 03 13

<http://ukinpoland.fco.gov.uk/en/>

Office hours: Mondays to Fridays from 8.30 am to 4:30 pm

### **Emergency numbers**

Ambulance – 999 (from anywhere in Poland)

Police – 997 (from anywhere in Poland)

Fire brigade – 998 (from anywhere in Poland)

Emergency telephone number “112” (single emergency telephone number for all European Union countries).

## Dictionary

### Basic expressions:

hello – *dzień dobry* [dzhen dobry]  
hi – *cześć* [cheshch]  
good afternoon – *dobry wieczór*  
[dobry vyechoor]  
good night – *dobranoc* [dobraanots]  
good bye – *do widzenia*  
[do veedzenya]  
nice to meet you – *miło mi* [meewo mi]  
excuse me/I'm sorry – *przepraszam*  
[pshepraasham]  
yes – *tak* [tak]  
no – *nie* [nee-eh]  
please – *proszę* [prosha]  
thank you – *dziękuję* [dzenkooye]  
I don't understand (Polish) – *nie  
rozumiem (po polsku)* [nee  
rozoomiem (po polsku)]  
how much?/how many? – *ile?* [ile?]  
expensive/cheap – *drogo/tanio*  
[droogo/taanio]  
what (is this)? – *co (to jest)?* [tsoo (to  
yeest)]  
I'm looking for... – *szukam...*  
[shookam...]

### Word glossaries:

*At railway stations*  
station – *dworzec* [dvoodzhets]  
ticket – *bilet* [bilet]  
first class – *pierwsza klasa* [pyeervsha  
klaasa]  
smoking – *dla palących* [dla palontsi]  
non-smoking – *dla niepalących* [dla  
nyepalontsi]  
seat – *miejsce* [myeistse]  
passenger car – *wagon* [vagon]  
arrival – *przyjazd* [psheeyaazd]  
departure – *odjazd* [od'yaazd]  
platform – *peron* [peron]  
time table – *rozkład jazdy* [rooskwad  
yaazdy]  
train – *pociąg* [pochong]  
express – *ekspres* [expres]  
local express – *pośpieszny*  
[poshpyeeshny]  
delay – *opóźnienie* [opoozhnyenya]

*In supermarkets*  
basket – *koszyk* [koshyk]  
vegetables – *warzywa* [vazhiva]  
meats – *mięsa* [myensa]  
fish – *ryba* [ryba]  
cash desk – *kasa* [kasa]

*Directions*  
left – *w lewo* [v levo]  
right – *w prawo* [v pravo]  
to straight on – *prosto* [prosto]  
return – *z powrotem* [spovrotem]

*In drug stores*

drug – *lek* [lek]  
prescription – *recepta* [retsepta]  
throat pain – *ból gardła* [bool gardwa]  
stomach pain – *ból brzucha* [bool  
bzhooha]  
headache – *ból głowy* [bool gwovy]  
cold – *przeziębienie*  
– [pshezyenbyenye]  
pain relief medication  
– *lek przeciwbólowy*  
[lek pshechivboolovy]

*In banks*

opening an account – *założenie konta*  
[zawozhenye konta]  
cashing Money – *wypłacić pieniądze*  
[vypwachich pyenyonza]  
money transfer – *przelew* (pieniędzy)  
[pshelev pyenyonza]  
deposit – *lokata* [lokata]  
credit – *kredyt* [kredyt]

*At the hospital*

ambulance – *karetka* [caretka]  
exertions – *zabieg* [zabyeg]  
doctor – *lekarz* [lekazh]  
nurse – *pielęgniarka* [pyelengnyarka]  
internist – *internista* [internista]  
dentist – *stomatologia* [stomatologia]

*Car accidents/at the police*

accident – *wypadek* [vypadek]  
mandatory insurance – *O.C.* [o tse]  
police – *policja* [polisya]  
witnesses – *świadkowie* [shvyadkovye]

## Polish Information and Foreign Investment Agency (PAIiIZ)

The Polish Information and Foreign Investment Agency (*Polska Agencja Informacji i Inwestycji Zagranicznych*) was set up to increase the inflow of foreign direct investments (FDI) and create a positive image of Poland in the world. PAIiIZ encourages large corporations and international holdings to invest in Poland.

PAIiIZ shows investors development opportunities on the Polish market and guides them through all the administrative and legal procedures encountered during the investment process. It helps investors find suitable business partners and suppliers, and attractive investment locations. The co-operation between the Agency and several large foreign investors resulted in 36 projects worth EUR 887 million in 2009 (9,700 new jobs).

The Agency also organises conferences on various topics, co-ordinates foreign journalist missions, and has published numerous publications and articles about Poland and the Polish economy.

In order to simplify access to information on investment conditions, micro-economic data, and efficient services in the regions, PAIiIZ has set up a network of Regional Investor Assistance Centres (*Regionalne Centra Obsługi Inwestora (COI)*) which serve as a link between investors and local authorities.

PAIiIZ's mission is not limited to attracting and serving foreign investment in Poland. One of its statutory activities is to support and promote Polish businesses and products abroad. To this end, promotional event are organised worldwide to promote Polish goods and services.

**Polska Agencja Informacji i Inwestycji Zagranicznych S.A.**

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Press information: +48 22 334 98 48

Foreign Investment Department: +48 22 334 98 75

Regional Development Department: +48 22 334 98 72

Economic Promotion Department: +48 22 334 99 26

Economic Information Department: +48 22 334 99 80

email: [post@paiz.gov.pl](mailto:post@paiz.gov.pl)

e-mail for investors: [invest@paiz.gov.pl](mailto:invest@paiz.gov.pl)

**[www.paiz.gov.pl](http://www.paiz.gov.pl)**



## Domański Zakrzewski Palinka (DZP)

The law firm Domański Zakrzewski Palinka was founded in 1993 in Warsaw and is the largest law firm in Poland. Its reputation and brand is the result of over 15 years' experience in providing legal advice to clients running business operations.

With its team of over 140 lawyers DZP provides services through its headquarters in Warsaw and offices in Poznań, Wrocław, Toruń and Łódź. DZP handles all types of projects – from relatively simple undertakings to complex and long-term ventures. What makes DZP's services different is our in-depth knowledge of the business environment in Poland and our understanding of both the legal and business needs of our clients.

The firm handles complex international projects for both Polish and foreign companies. Among its clients are companies starting up operations, medium sized firms, and international corporations and their Polish branches from almost all sectors and specializations, many of which took their first steps to market success in Poland with us at their side.

DZP serves leading firms and investors in, e.g. banking and finance, construction, the automotive and airline industries, electronics and electrotechnical sectors, the food sector and the machine industry, the securities market and real estate trade. DZP also provides advice to leading telecommunications firms and firms dealing with the newest technologies.

To realise its aim to be the leading independent Polish law firm with an international range, DZP has built up an extensive network of relationships with foreign law offices. Thus we can offer advisory services to Polish firms that are interested in expanding their operations to the international market and also to foreign firms seeking advice on Polish law.

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53-333 Wrocław

Tel: +48 71 712 47 00

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