



POLISH COMPANIES

Polish law allows many forms of doing business. Below we will present a brief description of each of them. We will also try to find the best form of doing business for the foreigner intending to start his activity in Poland.

- Entry in the Business Activity Register

- Wpis do ewidencji działalności gospodarczej

Description: The simplest form of business activity. It requires registration in "Urząd Gminy", Statistical office and tax office. EU residents can simply register such activity, others need to obtain a certificate from the Polish representation abroad, stating that, in accordance with the principle of reciprocity, Polish entrepreneurs are permitted to conduct business activity.

Advantages: The main advantage is possibility to pay 19% tax and to use simplified accounting method (księga przychodów i rozchodów) what saves lots of time and money. Moreover, banks treat such entrepreneurs in a favorable way, offering bank accounts at low rates or even free of charge.

- Civil Partnership

- Spółka cywilna

Description: The partnership is based at least on 2 individuals registered with Business Activity register (see above). Then the persons sign a deed on the Partnership. Each of the partners can represent the company. No legal personality nor registration with National Court Registry. Each of partners pays his tax separately.

Advantages: as above

- Registered Partnership

- Spółka jawna

Description: Similar to Civil Partnership, however partners can be either individuals registered with Business Activity Register or corporations. In terms of taxation each of partners pays his own PIT or CIT. In order to set up Registered Partnership the partners need to sign a deed and register it with National Court Registry (KRS).

Advantages: as above



- Limited partnership

- Spółka komandytowa

Description: Must be established and conducted by at least two individuals or legal persons. No minimum capital is required. At least one partner is liable to the creditors for the debts and obligations of the partnership without limitation (the general partner) and at least one partner has a limited liability. Each of the partners is paying taxes separately. The partnership is based on a notarial deed and should be registered with the National Court Registry.

Advantages: limited risk in case of business for a larger scale for the partner with limited liability

- Limited Joint-Stock Partnership

- Spółka komandytowo-akcyjna

Description: similar to Limited partnership (above), however designated for a larger – scale business. A minimum share capital requirement is PLN 50,000.

Advantages: as above

- Professional Partnership

- Spółka partnerska

Similar to partnerships, however designated for professions such as legal advisors, architects etc.

- Limited Liability Company

- Spółka z ograniczoną odpowiedzialnością

Description: the most popular form of economic activity. Requires an initial capital of PLN 50,000 and is a legal person, registered with the National Court Registry (KRS). The company is a CIT tax payer and is obliged to run full accounting. Very useful for foreigners willing to run their business in Poland: the liability is limited to the share capital. It may not be established solely by another single-member limited liability company.

Superior authority of a company is Shareholders Meeting. Company is represented by a Management Board (consisting at least of one person) according to principles stipulated in a company deed.

Advantages: limited liability, flexibility in managing business (possible from abroad)



- Joint-Stock Company

- Spółka akcyjna

Description: A JSC (or In Polish S.A.) is a legal entity. A minimum share capital is PLN 500,000.

The shareholders are not liable for company's obligations.

Advantages: limited liability, suitable for large scale business

- Branch Office (Oddział)

- Representative office (Przedstawicielstwo)

Foreign companies/persons have possibility to operate in Poland through a Branch office and/or representative office. The registration process of such entity is a bit more complicated than the regular Limited Liability Company, therefore it is more popular to establish branches in the field that is highly regulated (i.e. banking).

Conclusions

The foreigners, trying to start their activity in Poland should balance between flexibility of the solution, cost and liability issues. If an individual intends to stay in Poland and the cost of running business plays important factor in the activity, the simplest Entry in the Business Activity Register should be a right solution.

If one plans however to act on a bit larger scale, and would like to manage the business from abroad and additionally limit his liability, a good solution seems establishing or purchasing a limited liability company (Sp. z o.o.).

Please contact us for more details!