



# Doing Business in Poland

Accounting / Audit / Tax / Advisory

Smart decisions. Lasting value.

# Welcome

## to Doing Business in Poland

---

Doing Business in Poland has been prepared by the Crowe Global member firm in Poland in order to provide general information for persons planning to do business with or in the country concerned and/or individuals intending to live and work in Poland temporarily or permanently.

This Guide includes relevant information about business operations and taxation matters. It is intended to assist organizations that are considering establishing a business in Poland either as a separate entity or as a subsidiary of an existing foreign company. It will also be helpful to anyone planning to come to Poland to work and live here either on secondment or as a permanent life choice.

Unless noted otherwise, the information contained in this Guide is believed to be accurate as of 1 January 2021. However, general publications of this nature cannot be used and are not intended to be used as a substitute for professional guidance specific to the reader's particular circumstances.

*All lasting business is built on friendship.*

*Alfred A. Montapert*



## About Crowe Global

Crowe Global is ranked among the top 10 global accounting networks with more than 180 independent accounting and advisory services firms in about 140 countries around the world. Crowe Global's member firms are committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide decisions daily.

Each firm is well-established as a leader in its national business community and is staffed by nationals, thereby providing the knowledge of local laws and customs which is important to clients undertaking new ventures or expanding into other countries. Crowe Global member firms are known for their personal service to privately and publicly held businesses in all sectors and have built an international reputation in the areas of audit, tax and advisory services.

## General information

Local currency,  
Exchange rate to EUR      PLN, EUR 1 = PLN 4.54  
as of 04/01/2021

## Types of organization

### LLC

Name in local language	Spółka z ograniczoną odpowiedzialnością
Registrable in commercial register / legal entity	Registrable in the Register of Entrepreneurs of the National Court Register
Minimum capital	5,000.00 PLN
Minimal number of shareholders/ Maximum number of shareholders	Minimal number – 1/ no limit on the maximum number of shareholders. A limited liability company may not be formed solely by another single - shareholder limited liability company.
Capital tax / Registration fees	Tax on civil law transactions - 0,5%; Registration fees - 600 PLN
Written form/ notarization	Notarization - Articles of Association
Registration with tax authorities	Yes
Statutory audit	<p>Obligatory when in the prior financial year for which the financial statements were prepared, met at least two of the following conditions: the annual average number of employees in full-time equivalents amounted to at least 50;</p> <ul style="list-style-type: none"><li>• The total assets as at the end of the financial year were at least the Polish zloty equivalent of EUR 2,500,000;</li><li>• The net revenue from the sales of merchandise and finished goods and the financial transactions for the financial year was at least the Polish zloty equivalent of EUR 5,000,000;</li></ul>

### Public company (joint-stock company)

Name in local language	Spółka akcyjna
Registrable in commercial register / legal entity	Registrable in the Register of Entrepreneurs of the National Court Register

Minimum capital	100,000.00 PLN
Minimal number of shareholders/ Maximum number of shareholders	Minimal number - 1/ no limit on the maximum number of shareholders
Capital tax / Registration fees	Tax on civil law transactions – 0.5%; Registration fees - 600 PLN
Written form/ notarization	Notarial deed covering the establishment of a joint-stock company and a declaration of taking up shares
Registration with tax authorities	Yes
Statutory audit	Obligatory

## Branch

Name in local language	Oddział przedsiębiorcy zagranicznego
Registrable in commercial register / legal entity	Registrable in the Register of Entrepreneurs of the National Court Register
Minimum capital	None
Minimal number of shareholders/ Maximum number of shareholders	None
Capital tax / Registration fees	Registration fees - 600 PLN
Written form/ notarization	Depends on the regulations of the mother company
Registration with tax authorities	Yes
Statutory audit	<ol style="list-style-type: none"> <li>Obligatory always for the branches of foreign banks, insurance establishments, reinsurance establishments and investment firms</li> <li>In the case of the branches of other entities, obligatory when in the prior financial year for which the financial statements were prepared, met at least two of the following conditions: the annual average number of employees in full-time equivalents amounted to at least 50; <ul style="list-style-type: none"> <li>The total assets as at the end of the financial year were at least the Polish złoty equivalent of EUR 2,500,000;</li> <li>The net revenue from the sales of merchandise and finished goods and the financial transactions for the</li> </ul> </li> </ol>

financial year was at least the Polish zloty equivalent of EUR 5,000,000;

## Value added tax (VAT)

Tax rates	The standard VAT rate is 23%. Reduced rates: 8%, 5%, 0% and exemption.
Supply of goods	The standard VAT rate is 23%. Reduced rates apply among others to certain foodstuffs, books, newspapers and magazines, some real estate for housing purposes.
Supply of services	The standard VAT rate is 23%. Reduced rates or exemptions apply among others to medical services, passenger transportation services, international transportation services, financial and insurance services.
Special provisions (exemptions to the general rule)	n/a
Reverse charge on local supplies	From November 1, 2019, the reverse charge mechanism on local supplies was abolished in favor of the mandatory split payment. A list of transactions subject to obligatory split payment is set in Annex 15 to the VAT Law.
Import of services	As a general rule import of services is covered by a reverse charge mechanism.
Deadline and conditions for VAT refund	The standard deadline for VAT refund is 60 days from filing the request. Upon meeting additional formal conditions a shortened 25-day deadline may apply. If no taxable sales were recorded the refund deadline is extended to 180 days. The above deadlines may be extended by the tax authorities.
Major VAT exemptions	Supply of real estate, medical, educational and financial services.
Real Estate	<p>According to the VAT Law, exemption from VAT applies to:</p> <p>a) the supply of buildings, constructions or their parts, except where:</p> <ul style="list-style-type: none"> <li>• The supply is executed within its first occupation or before the first occupation took place;</li> <li>• The period between the first occupation and the supply of a building, construction or their parts was shorter than 2 years;</li> </ul> <p>b) the supply of buildings, constructions or their parts which are not subject to exemption referred to in point a), provided that:</p> <ul style="list-style-type: none"> <li>• The supplier did not have the right to reduce the amount of output tax by the amount of input VAT related to these items;</li> </ul>

	<ul style="list-style-type: none"> <li>• The expenses incurred by the supplier for their modernization did not exceed 30% of the initial value of the given real estate.</li> </ul>
Foreign taxable persons (VAT registration)	In specific cases foreign companies performing supplies/services in Poland are required to register for VAT in Poland.

## Corporate tax

Accounting rules	Accounting books are the basis to determine taxable income, however there are specific cases where accounting rules are different from tax rules (depreciation, foreign exchange differences, interest).
Tax rate	<p>The general CIT rate is 19%.</p> <p>A reduced 9% CIT rate may be applied by:</p> <ul style="list-style-type: none"> <li>• Newly established companies in the first tax year (except for entities created as a result of restructurings and entities whose capital was covered by in-kind contribution),</li> <li>• Taxpayers whose gross income in the previous tax year did not exceed EUR 2 mln.</li> </ul> <p>However, this 9% rate may not be applied to capital gains. Income derived from certain intellectual property rights may be subject to a 5% rate.</p>
Tax base	As a rule the tax base is calculated as the difference between taxable income and tax deductible costs. Taxable profit is calculated on a cumulative monthly basis.
Tax assessment period	Tax is assessed on annual basis, but throughout the fiscal year CIT advances have to be paid. Generally the calendar year is the tax year unless a taxpayer decides otherwise and notifies a competent head of the revenue office to this extent. In such case the period of twelve consecutive calendar months shall be a tax year.
Loss set-offs/ carry forwards	<p>Tax losses can be carried forward for up to 5 fiscal years and may be:</p> <ul style="list-style-type: none"> <li>• Set-off against revenues derived from the same source of income; however, only up to 50% of the loss from a given year may be utilized in any of the following tax years</li> </ul> <p>OR</p>

	<ul style="list-style-type: none"> <li>UZp to PLN 5 mln may be set-off against revenues derived from the same source of income in one of the 5 following years; in this case in other years of this 5-year period, only up to 50% of the remaining amount of the tax loss may be utilized (this option applies only to tax losses recorded from FY2020).</li> </ul>
Tax/ accounting depreciation	<p>Tax depreciation rules differ from accounting depreciation rules. Tax depreciation rates vary by type of asset. Possible one-off depreciation for chosen fixed assets.</p>
Tax deductibility of interest, Excessive interest rate rule, Thin capitalization rule	<p>The deductibility limit for the excess of financing costs over financing revenue is set at 30% of tax EBITDA + 3 million PLN.</p> $\text{Tax EBITDA} = (R - \text{Interest Income}) - (\text{TC} - \text{Deprec.} - \text{DFC})$ <p>where:  R - total revenue from all revenue sources derived by a taxpayer  Interest Income - income from interest derived by a taxpayer  TC - tax deductible costs  Deprec. - tax depreciation write-offs  DFC - debt financing costs</p>
Reserves for bad debts, leaves, etc.	<p>According to the CIT Act, reserves and provisions may not be treated as tax deductible costs.</p>
Other Major tax adjustments a) increasing and b) decreasing taxable profit	<p>Under certain conditions transfer pricing adjustments are allowed.</p>
Transfer pricing, Transfer pricing documentation, Related parties	<p>The thresholds to prepare a local file and a benchmarking analysis are as follows:</p> <ol style="list-style-type: none"> <li>1) 10,000,000 PLN – in the case of a commodity transaction and financial transaction;</li> <li>2) 2,000,000 PLN – in the case of a service transaction and other transaction;</li> <li>3) 100,000 PLN – in the case of transactions with entities located in tax havens.</li> <li>4) 500,000 PLN – in the case of transactions where the beneficial owner of the fee is located in a tax haven.</li> </ol> <p>The local file should be prepared within 9 months from the end of the fiscal year.</p> <p>Master file is required if the following conditions are met jointly:</p> <ol style="list-style-type: none"> <li>1) related entities are consolidated using the full or proportionate method;</li> <li>2) local transfer pricing documentation is required;</li> <li>3) entities belong to a group of related entities for which the consolidated financial statements are prepared and its consolidated revenues in the previous financial year exceeded</li> </ol>

	the amount of PLN 200,000,000 or equivalent.
Withholding tax	Some payments made to non-residents are subject to withholding tax. The rate is 19% in case of dividends and 20% in case of interest, license and management fees, fees for know-how, advisory, legal or accounting services. Under certain conditions exemptions may apply based on the Parent Subsidiary Directive or Interest and Royalties Directive that were implemented in Poland. Also reduced rates or exemptions provided in a Double Tax Treaty may apply.
Interest	Standard rate: 20%
Royalties	Standard rate: 20%
Services	Standard rates: 20% / 10%
Group taxation	<p>A Tax Group (TG) TG is taxed on joint revenues and costs incurred by the entities forming the TG. Conditions to establish a TG:</p> <ul style="list-style-type: none"> <li>• may only consist of limited liability companies or joint-stock companies having their seats in Poland,</li> <li>• the average share capital falling to each of these companies may not be lower than PLN 0.5 mln.,</li> <li>• the controlling company has directly a 75% share in the initial capital of the subsidiary companies forming the TG,</li> <li>• subsidiary companies do not hold shares in other companies of the TG,</li> <li>• these companies are not in arrears with the payment of taxes,</li> <li>• an agreement on forming a tax capital group was concluded in the form of a notarial deed for the period of at least 3 tax years,</li> <li>• in each tax year, the TG reaches the tax share of income in the revenues at the level of at least 2%.</li> </ul>

## Personal income tax

Taxable income	The Polish personal income tax system is of a progressive nature and currently there are two rates: 17% and 32%, in excess of a personal allowance (variable). Income up to 85,528 PLN less the personal allowance is taxed at 17% and the excess is subject to 32% rate.
Income from employment/ self-employment	Income from employment is taxed progressively at 17% and 32% rates. Income from self-employment may be taxed at progressive rates or at a flat rate of 19%.
Income from property and property rights	Under certain conditions rental income may be taxed at 8.5% and 12.5% (this rate is progressive).

Income from capital	Income from capital gains is subject to 19% PIT.
Withholding tax	19% / 20%
Interest	19%
Royalties	20%
Dividends	19%
Capital gain	19%

## Mandatory social contributions

Self-employed individuals Self employed individuals may choose to pay contributions at a flat rate (1,354.64 PLN)

Type of insurance	Paid by employer	Paid by employee	Total
Pension Fund*	9.76%	9.76%	19.52%
Disability Fund*	6.50%	1.50%	8.00%
Bridging Pension Fund (FEP)	0.00% or 1.50%		0.00% or 1.50%
Illness Fund	0.00%	2.45%	2.45%
Accident Fund	0.67% - 3.33%	0.00%	0.67% - 3.33%
Employees' Guaranteed Benefits Fund	0.10%	0.00%	0.10%
Labor Fund	2.45%	0.00%	2.45%
Total (up to limit)	19.48% - 22.14%	13.71%	33.19% - 35.85%
Total (past limit)	3.22% - 5.88%	2.45%	5.67% - 8.3%

\* Once an individual's gross remuneration exceeds 30 average estimated national salaries for a given year (PLN 157,770 for 2021) the obligation to pay contributions toward these funds ceases.

**Mandatory health insurance contributions are also payable by the employee at 9% of income, however, only 7.75% is deductible from tax as a credit.**

## BEPS implementation

CFC	Yes
DAC6	Yes
CRS	Yes
Profit shifting rule	Yes
GAAR/ other anti-abuse rules (PPT, etc)	Yes

## Global employment issues

Work and Residence permit	Required for non-EU residents.
Minimum salary	2,800 PLN gross

## Taxation of immovable property

Tax depreciation (p.a. rates)	Buildings: 1.5% / 2.5% / 4.5% Constructions: 2.5% / 4.5% / 10% / 14% Land is not subject to tax depreciation
<b>Depreciation categories</b>	
Land	Land is subject to property tax. The rates differ in each municipality. In 2021 the maximum tax rate that may be applied to land linked to business activity is PLN 0.99 per square meter.
Building	Buildings as well as constructions/structures linked to business activity are subject to property tax. Tax is calculated on the basis of: (a) area in case of lands and buildings at rates adopted by local authorities (in 2021 the maximum rate is 24.84 PLN per square meter), (b) in case of structures - initial value adopted for tax depreciation purposes (the rate is 2%).
Tax base	(a) area in case of lands and buildings (b) in case of structures - initial value adopted for tax depreciation purposes
Special depreciation	n/a
Real estate transfer tax	2%
Property tax (rate and base)	See above
Real estate funds	General rules apply

## Incentives

Investment incentives	Special Economic Zone is a special incentive that under certain conditions guarantees investors a number of privileges, including tax exemptions and bonuses for projects contributing to competitiveness and innovation of local economies.
R&D incentives	The R&D incentive entitles enterprises to reduce the tax base by costs spent on research and development activities. R&D activity is understood as creative work involving scientific research or experimental development work undertaken on systematic basis in order to increase knowledge resources and use of that knowledge to develop new applications. As a result of this tax relief, a company can save additional 190 PLN on every 1,000 PLN spent on R&D (in case of a company having a Research and Development Centre status the savings may reach 285 PLN on each 1,000 PLN spent on R&D activities). The list of specific costs eligible for the R&D credit is provided in the CIT/PIT regulations.
Young employees, elderly employees	In case of employees under 26 years old employment income up to 85,528 PLN per year is exempt from tax.

## Tax liabilities

	For taxpayers	For directors (chief officers)	For shareholders
Binding opinion/ Advanced tax rulings	Yes	n/a	n/a
Penalties for late payment of tax	Interest of 8% p.a.; additionally fines may be imposed	Fines may be imposed; depending on the case fiscal penal liability may also include imprisonment	n/a
Tax misdemeanor provisions	Yes	Yes	n/a
Criminal provisions	Yes	Yes	n/a
Piercing the corporate veil	n/a	When certain conditions are met the management board may be held liable for the debts of the company especially as it	n/a

		comes to unpaid tax liabilities
Advanced pricing agreements	Yes	n/a

## Deadlines for reporting and payment of taxes and social contributions

Type of tax	Reporting deadline	Payment deadline
CIT	Annual tax return is filed within 3 months from the end of the fiscal year	By the 20th of the following month
PIT	Annual tax return is filed by the end of April of the following year	By the 20th of the following month
VAT	25th of the following month	25th of the following month
Social contributions	Depending on the case 10th or 15th of the following month	Depending on the case 10th or 15th of the following month

## Double taxation treaties

Country	Dividends	Interest	Royalties	Affected by MLI
	%	%	%	Yes/no
<b>America</b>				
Canada	15	15	10/0	Yes
Chile	15/5	15/5	10/5	No
Mexico	15/5	15/5/0	10	No
United States	15/5	0	10	No
<b>Asia/Pacific</b>				
Armenia	10	5	10	No
Australia	15	10	10	Yes
Azerbaijan	10	10	10	No
Bangladesh	15/10	10	10	No
China	10	10	10/7	No
Georgia	10	8	8	No
India	15	15	22,5	Yes
Indonesia	15/10	10	15	Yes
Japan	10	10	10/0	Yes
Kazakhstan	15/10	10	10	No
Republic of Korea	10/5	10	10	Yes
Kyrgyzstan	10	10	10	No
Malaysia	0	15	15	No
Mongolia	10	10	5	No
New Zealand	15	10	10	No
Pakistan	19	15	20/15	No
Philippines	15/10	10	15	No

Russia	10	10	10	Yes
Singapore	10/0	10	10	Yes
Sri Lanka	15	0	10/0	No
Taiwan	10	10	10/3	No
Tajikistan	15/5	10	10	No
Thailand	19	20/10/0	15/5	No
Uzbekistan	15/5	10	10	No
Vietnam	15/10	10	15/10	No
<b>Europe</b>				
Albania	10/5	10	5	No
Austria	15/5	5/0	5	Yes
Belarus	15/10	10	0	No
Belgium	15/5	5/0	5	Yes
Bosnia and Herzegovina (Yugoslavian Treaty)	15/5	10	10	No
Bulgaria	10	10	5	No
Croatia	15/5	10	10	No
Cyprus	10	10	5	Yes
Czech Republic	10	10	5	Yes
Denmark	15/5/0	5/0	5	Yes
Estonia	15/5	10	10	No
Finland	15/5	5/0	5	Yes
France	15/5	0	10/0	Yes
Germany	15/5	5/0	5	No
Greece	19	10	10	No
Hungary	10	10	10	No
Iceland	15/5	10	10	Yes

Ireland	15/0	10/0	10/0	Yes
Italy	10	10	10	No
Latvia	15/5	10	10	Yes
Lithuania	15	10	10	Yes
Luxembourg	15/5	10/0	10	Yes
Macedonia	15/5	10	10	No
Malta	15	10	10	Yes
Moldova	15/5	10	10	No
Morocco	15/7	10	10	No
Montenegro (Yugoslavian Treaty)	15/5	10	10	No
Netherlands	15/5	5/0	5	No
Norway	15/0	5/0	5	Yes
Portugal	15/10	10	10	Yes
Romania	15/5	10	10	No
Serbia (Yugoslavian Treaty)	15/5	10	10	Yes
Slovak Republic	10/5	10	5	Yes
Slovenia	15/5	10	10	Yes
Spain	15/5	0	10/0	No
Sweden	15/5	0	5	Yes
Switzerland	15/5	10	10/0	No
Ukraine	15/5	10	10	Yes
United Kingdom	10/0	5/0	5	Yes
<b>Middle East and Africa</b>				
Egypt	12	12	12	No
Ethiopia	10	10	10	No
Iran	7	10	10	No

Israel	10/5	5	10/5	Yes
Jordan	10	10	10	No
Kuwait	5/0	5/0	15	No
Republic Lebanon	5	5	5	No
Republic South Africa	15/5	10	10	No
Saudi Arabia	5	5/0	10	Yes
Syrian Arab Republic	10/0	10	18	No
Turkey	15/10	10	10	No
Tunisia	10/5	12	12	No
United Arab Emirates	5	5	5	Yes
Qatar	5	5	5	Yes
Zimbabwe	15/10	10	10	No



## Contact Information

Christian Fielding  
Managing Partner  
[christian.fielding@crowe.pl](mailto:christian.fielding@crowe.pl)

Crowe Poland  
Member of Crowe Global  
ul. Hrubieszowska 2  
01-209 Warsaw, Poland  
Main +48 22 295 30 00  
[contact@crowe.pl](mailto:contact@crowe.pl)

## About Crowe in Poland

Crowe in Poland is an independent firm of accountants, auditors, as well as tax, IT and business advisers. With offices across Poland (Warsaw, Kraków, Wrocław, Łódź) we are a local firm with international strength.

We provide a complete range of accounting, audit, tax, IT and business consulting services. We act for the benefit of 700 small, medium and large international and domestic companies from all sectors. We have earned recognition among clients some of whom we have served for over twenty years. We owe this success to the quality and dedication of our staff, some of whom have been with these clients for this whole length of time.

## Our Global Reach

In addition to our local and regional services, as members of Crowe Global, we can draw on a worldwide network of independent professionals and their know-how. The Crowe Global network consists of more than 200 independent accounting and advisory services firms in about 140 countries around the world.

As member firm of Crowe Global we offer comprehensive, international expertise in a broad range of business consulting practices, including assurance, M&A, corporate finance, forensic services, human resources services, tax & regulatory. This unique combination of our local and regional talent coupled with the global reach of our network provides us with the local expertise and global worldwide capabilities our clients expect and deserve.