

ORUGA\GROUP

[WWW.ORUGAGROUP.COM](http://WWW.ORUGAGROUP.COM)

## BASIC INFORMATION

Poland is one of the most dynamic and fast-growing markets in Europe due to the increasing number of new investment projects. As a member of the EU it offers entrepreneurs the opportunity of an easy access to the worlds' biggest free market area. Furthermore it provides foreign investors with competitive labor costs, a considerable size of the market, industrial diversity and real possibilities for the development of new economic entities. This brochure explains how the business establishment process in Poland works. We are focus on the questions most often posed by foreign investors.

### These can be grouped into key categories:

- *Entry and residence requirements*
- *Business establishment*
- *Corporate taxation*
- *Labor market*
- *Social security*

You will find essential information on these material and many useful tips on how to establish a new business in Poland.

## ENTRY AND RESIDENCE

Being a foreigner from a country outside the EEA (EU Member States + EEA EFTA States Norway, Lichtenstein, Iceland + Switzerland (Switzerland is not part of the EEA Agreement, but has a bilateral agreement with the EU)) means that you need to fulfil a few legal obligations in order to stay legally in Poland. First thing is having an appropriate visa. Depending on the type of visa you can legally stay in Poland for certain period of time. If you would like to stay in Poland after your visa is expired you need to apply for a residence permit for a fixed period of time.

Different types of residence titles are available subject to the intended business activities.

### Our juridical experts help you in checking:

- *what type of visa or residence permit might be required for the planned business activity*
- *Grating requirements for different kinds of residence permits*
- *How the application procedure works*

## BUSINESS ESTABLISHMENT

Starting and running a business in Poland is open to everyone and you will be on equal footing. With exceptions for the utilities sector there is almost no permit required to run a business in any sector. Because the progressive economic desires of the government are favorable to the entrepreneur, in theory, the government should not impede your progress.

It takes only a few steps to establish a company in Poland. It will not be difficult to establish your own business in Poland if you have a deal with a team of knowledgeable professionals, because in each country the juridical relationship and document management have their own characteristics.

### We inform about:

- *General ways to take up commercial activities in Poland*
- *Different company forms*
- *The establishment procedure in detail*

## CORPORATE TAXATION

The tax (CIT) is compulsory and non-refundable payment to the state, on the basis of the existing laws in Poland. The tax must be paid if you receive income.

### There are 12 types of taxes in Poland:

- *income tax on individuals (PIT)*
- *income tax on legal entities (CIT)*
- *inheritance tax and gift tax*
- *tax on civil law transactions*
- *agricultural tax*
- *forest tax*
- *property tax*
- *tax on vehicles*
- *tonnage tax*
- *tax on goods and services*
- *excise tax*
- *tax on games*

Like many other countries Poland imposes a corporate income tax, also known as a company tax. This is the only applicable corporate income tax in the country having a value of 19%. This tax applies on the taxable corporate income, calculated from all source. Many countries have signed double tax treaties with Poland over the years.

### Our experts help you in optimizing your business. We inform you about:

- *The Polish tax environment*
- *How to avoid double taxation*
- *How to register with tax authorities*
- *Tax implications of certain company forms*

## EMPLOYEES AND SOCIAL SECURITY

Attention should already be paid to the question of how to recruit required specialists and employees at the company formation stage. Moreover, knowledge of the different employment models and the terms and conditions of employment help successfully complete the hiring process.

### Our juridical experts help you optimize the hiring process by giving advice on:

- *Flexible models of employment,*
- *Different terms of employment,*
- *The social security system and payroll accounting,*
- *Registering employees for the social security system.*

# Topic № 1.

## Entry and residence requirements.

### **RESIDENCE TITLES**

A foreigner who wants to establish one of the partnerships or companies does not have to legalize his stay in Poland and apply for a work permit in Poland. Such a foreigner is the owner of a company and does not have to physically reside in Poland – we can register for you a firm remotely. The person who will actually conduct business activity in Poland is, for instance, a company director. If the foreigner director needs to stay in Poland for more than 180 days he has to apply for a Work Permit.

A foreigner who conducts business activity in Poland may apply for a visa to Poland on the basis of conducting business activity. Apart from the basic set of documents necessary to obtain a visa, the applicant has to file at a consulate of the Republic of Poland documents that confirm the conducting of business activity in Poland, such as an excerpt from KRS (National Court Registry in Poland), Articles of Association (a charter) and a certificate of no tax arrears. A Polish visa cannot be issued based on the intention to conduct business activity unless the applicant proves his intention and justifies his arrival in Poland. In such a case the consul will decide whether the evidence presented by a person is enough. In case of your company is legal entity it has to be registered in KRS.

If a foreigner is staying abroad and intends to do business in Poland but he does not yet have grounds for the stay in Poland (visa or residence permit), we can set up your business remotely through the Internet. After being entered in KRS an application for visa can be submitted to the Polish consulate in his country of origin on the basis of conducting business activity. In order to conduct business activity on the same principles as Polish citizens, a foreigner must have an appropriate basis for residence in Poland.

### **WHO NEEDS A RESIDENCE TITLE?**

EU citizens do not require any residence title to be able to settle or work in Poland. Non-EU citizens generally require a Schengen visa for entry and short-term stays in Poland. However, individual rules apply for certain countries. For example, nationals from Argentina, Australia, Brazil, Canada, Israel, Japan, Mexico, New Zealand, South Korea, the United States, and Hong Kong can stay in Poland for up to 90 days (in any 180-days period from the date of first entry) without a visa. For long-term stays non-EU citizens require a residence or settlement permit. The respective Embassy issues a national visa for entry into Poland. The national visa is subsequently converted into a residence permit by the competent local Immigration Office. Non-EU citizens from those countries (listed above) who don't need a visa for short-term stay also require a national visa when entering Poland for long-term stay purposes. In addition some nationals (from Australia, Canada, Israel, Japan, New Zealand, South Korea, USA) may enter Poland for long-term stay (for more than 90 days) without a national visa. These foreign nationals can directly apply for the necessary residence permit for long-term at the Immigration Office in Poland.

## Topic № 1. Entry and residence requirements.

### RULES OF ENTRY OR STAY IN POLAND

Types of visa	A (airport transit visa)	B (transit visa)	C (short-stay visa)	D (long-stay, national visa)
Purpose	Transit through the international zone of Schengen airport without entering the Schengen country area	Transit through Schengen countries by car, coach or traveling different airports on your way to another non-Schengen country  <b>ACTUALLY IS NOT ISSUED – C-VISA REQUIRED</b>	short-stay visa, it's mainly issued for a business visits that have an invitation letter from a Schengen country, to aircrew members, to people having a special interest in the Schengen territory or Visit Schengen countries for tourism, family business visits.	Study, work, and so on.
Период пребывания	—	no more than 5 days	no more than 90 days per period of 180 days	more than 3 months (from 91 days up to 365 days)

### TYPES OF RESIDENCE PERMIT

Temporary residence permit (TRP)	Permanent residence permit
<ul style="list-style-type: none"> <li>• the commencement or continuation of work on the territory of Poland</li> <li>• perform professional work requires high skills (which is to work in the specialty requires high skills)</li> <li>• doing business in Poland</li> <li>• the commencement or continuation of studies at the university in Poland</li> <li>• other important circumstances, the existence of which is proved</li> </ul>	<ul style="list-style-type: none"> <li>• If the applicant is of Polish origin and is going to come to Poland for permanent residence</li> <li>• if the applicant can confirm at least 5-year ongoing stay in Poland (based on previous long-term National visas D-type or TRP)</li> <li>• if the applicant before applying for permanent residence was in Poland continuously for at least 10 years on the basis of a permit for tolerated stay</li> <li>• if the applicant holds a valid Pole's card and intends to settle in Poland for permanent residence</li> <li>• other important circumstances, the existence of which is proved</li> </ul>
<p>A foreigner planning to stay in Poland for more than 3 months may apply for a temporary residence permit in Poland. A temporary residence permit is issued for a <b>maximum of 3 years</b>. Validity may be shorter if the basis for an application for authorization requires a shorter stay.</p> <p><b>Attention!</b> A temporary residence permit gives the foreigner the right to travel to other Schengen countries up to 90 days within 180 days for tourism purposes.</p>	<p>The decision to grant a permanent residence permit is issued for an indefinite period. The permanent residence <b>permit valid for 10 years</b>, which means that every 10 years the residence permit should be exchanged.</p> <p><b>Attention!</b> A permanent residence permit gives the foreigner the right to travel to other Schengen countries up to 90 days within 180 days for tourism purposes.</p>

## Topic № 1. Entry and residence requirements.

### NOTE PLEASE:

**visa and TRP and Work Permit are separate types of documents in Poland. Work Permit allows you to work in Poland only if you have a basis to stay in here (not allows to enter the country and work here by itself), such as:**

- **Business visa** – is a short-term visa, which allows you to stay in Poland up to 90 days in a half a year, no longer. You can get it using an extract of register as a base.
- **National visa** – is a long-term visa, which allows you to stay in Poland for a year. Work Permit is required for getting this visa.
- **TRP (Temporary residence permit)** – is not a visa, it is a document confirming the identity of a foreigner during his stay in Poland. This document, together with a valid passport, confirms the right to stay in Poland and entitles the foreigner to cross the Polish national border numerous times without necessity. TRP may be issued for a year or two. In practice you cannot get a TRP very quickly; it takes about 3-5 months since the procedure started.

### • Establishing a Company.

Business-Schengen visa is enough for most of the activities required for opening your company. It enables its holder to stay in Poland for up to 90 days in half year period during which time all fundamental establishment activities can be performed.

### • Employment in Poland.

Non-EU citizens employed in Poland require a Work Permit to be employed. As with the residence permit for the "self-employed", the residence permit for the purpose of taking up employment is limited for a period of up to three years. This can however be extended. A permanent residence permit can be issued after five years. There are some professions or groups of persons which don't require to obtain Work Permit by the decision of local authorities (the Governor).

Pole's card

**Pole's card may be issued to a person who on the date of submission of the application has the nationality of one of the former USSR countries and meets the following conditions:**

- prove their relationship with the Polish nation: at least a basic knowledge of the Polish language, which is considered their native language, as well as the knowledge and the support of Polish traditions and customs,
- declare their belonging to the Polish nation in the presence of Consul in writing,
- proves that at least one of his parents or grandparents or two great-grandparents are or were of Polish nationality or had Polish citizenship, or submits a certificate from the authorized Polish organization in the country of residence confirming his active participation in activities aimed to support Polish language and culture, or the Polish minority during at least the last 3 years.

Pole's card is **valid for 10 years** from the date of issue. Not later than 3 months before the expiry date of the card its owner must apply for its extension for another 10 years. Pole's card becomes invalid in the case when the owner will receive Polish citizenship or permanent residence permit in Poland.

#### Attention!

After 3 years from the date of receipt a permanent residence permit or the existing Pole's card foreigner can apply to be granted Polish citizenship.

Below is the list of professions exempted from requirement of getting a Work Permit in Masovia region.

- Managing directors (6 months a year)
- Students or graduates of Polish universities (of only full-time education)
- Blue Card holders
- Specialist employed in physical type of work (for example: truck driver, housekeeper, some types of builder jobs).
- Pole's card holder
- Permanent residence permit holders

# Topic №2.

## Business establishment.

### COMPANY FORMS FOR FOREIGN INVESTOR EXPANSION

The Polish law provides for the following forms of business activity:

- Sole Proprietor
- Civil Code Partnership
- Registered Partnership
- Limited Partnership
- Limited Joint-Stock Partnership
- Professional Partnership
- Limited Liability Company
- Joint-Stock Company
- Branch Office
- Representative Office

The Limited Liability Company is founded by at least one member and requires a minimum share capital of 5000 PLN (about 1250 euro). This form of business is the most popular due to the liability of its members, the accessible share capital and the fact, that such company can start concluding contracts to perform other commercial actions in a short time. The name of the company must be followed by the termination “Sp. z o.o.” The shares of such a company can be freely traded on the market and must have a nominal value of at least 50 PLN (per a single share). An LLC in Poland must have an executive board (Board of Directors) and a supervisory board. But the supervisory board is compulsory when

the company has an initial capital of more than 500,000 PLN and more than 25 shareholders.

The joint-stock company is generally preferred by large businesses and can have one or more founders. The minimum share capital for this form of business is 100,000 PLN, out of which 25% must be paid up at the time of the incorporation. The company can be listed on the Stock Exchange and the minimum nominal value of each share must be 0.01 PLN. The management bodies of a joint-stock company are the executive board (Board of Directors) and a supervisory board - which are both obligatory.

Sole Proprietor in Poland	
Registration	To establish a self-employed form of business activity you must register with the Central Register and Information on Economic Activity (CEIDG). Registration does not require initial capital.
Taxation	Individual business activities subject to taxation on personal income tax – PIT (Personal Income Tax).
Liability	Sole Proprietor is responsible for its social and civil liabilities (including his private property). This means that in case of failure of business activity, a possible penalty against the employer can be sent to all the components of the private property of an entrepreneur (e.g. real estate, wages and income from other income-generating activities, property rights).
Categories of foreigners who can be sole trader	Foreigners who have: <ul style="list-style-type: none"> <li>• Permanent Residence Permit</li> <li>• Residence permit for a fixed period issued to a foreigner who is married to a Polish citizen living in Poland a valid Pole's card</li> </ul>

Our experts in Poland can help you with additional information about each type of company or partnership in Poland. Apart from these business forms, foreign investors in Poland can choose a sole trader or a branch or representative office as a form of business activity.

## Topic №2. Business establishment.

Any foreign company with a head office registered outside of Poland can establish a Polish branch office. A branch office is a suitable business form for a foreign company wanting to establish a presence in Poland for the purpose of initiating business and maintaining contacts with business partners.

We can help you choose the best business form for your company. Subsidiaries and branches each have their own advantages and it is best to seek professional assistance when deciding to invest in Poland.

### 1. POLISH SUBSIDIARIES.

When foreign investors choose to open a company in Poland, they have the option of choosing between branches and subsidiaries. Polish legislation allows foreign investors to open companies just as any other Polish citizens, so the choice regarding the optimal business entity relies solely on the parent company abroad.

The subsidiary is basically a Polish limited liability company that must observe all the applicable rules and regulations for taxation and accounting in Poland. These types of business are generally used for small and medium companies.

Together with a Polish company formation expert you will be able to decide what type of company is appropriate for you. Our experts can also carefully explain to you difference between branches and subsidiaries in Poland. General difference is a state where the parent company and the subsidiary are liable.

#### The advantages of a subsidiary in Poland.

A subsidiary in Poland is an independent from the parent company abroad that is the biggest advantage, compared with a branch in Poland. The foreign company that wants to open a branch in Poland have to be ready to bear all the liabilities of the Polish unit. However, a subsidiary will be treated as any other Polish company and will be liable for its business activities in Poland.

Those who want to register a company in Poland will have to follow a few basic steps and comply with the regulations concerning the minimum share capital and the mandatory registration documents.

#### Open a subsidiary in Poland.

A limited liability company in Poland requires a minimum share capital of 5,000 PLN divided into indivisible shares (the size if 1 share is 50 PLN). The name of a limited liability company must be unique and followed by the termination "spółka z ograniczoną odpowiedzialnością" (or abbreviated sp. z o.o.).

LLC is managed by a Board of Directors.

The rules for company formation in Poland requires the following documents: the foreign company's decision to open a subsidiary in Poland, the subsidiary's Articles of Association listing the name and address of the subsidiary, the internal regulations, the objectives, the name of the shareholders, their contribution to the capital and details regarding the shares and their attached rights. Also a separate bank account must be opened for the subsidiary in Poland.

### 2. POLISH BRANCHES.

The branch in Poland is essentially an extension of the parent company incorporated in another country. This is an excellent choice for international companies that want to expand their activities to Poland and control the actions of their office in the country. Alternatively, foreign companies can open a subsidiary. The branch must have the same business activities as the foreign company, it cannot make different business actions. Moreover, one of features of the branch is that it is completely dependent on the foreign company. This business form is a part of the foreign entity, it is not a legal entity and any action or liability of the branch in Poland will directly affect the foreign company. The name of the branch opened in Poland must be the same as the name of the foreign company translated into Polish and with the termination "oddział w Polsce".

The Polish branch doesn't require a minimum share capital but has to comply with certain requirements for registration.

#### Opening a branch in Poland.

The branch in Poland must observe certain obligations, much as other Polish businesses. The legal entity must keep separate books (in Polish) according to the accounting principles in Poland. Any factual of legal changes in the status of the foreign company abroad, including liquidation or bankruptcy, must be notified to the National Registry Court.

The Polish branch must have an appointed authorized person who will represent the foreign company. The representative will need to provide details about his or her identification details like name and address in Poland.

A branch of a foreign company needs to be registered in the National Registry Court.

Our company experts in Poland can help you submit all of these documents and make any necessary translations into Polish. After registration will be completed the branch will get its certificate of registration.

Depending on the business activities performed by the branch it may require special permits and licenses.

Please contact our experts in Poland if you want to open a branch or a subsidiary. We can help you with various legal issues and help you run a business in Poland. Our experts specialize in various legal issues and can help you with any legal matter if you are interested in investing in Poland.

## Topic №2. Business establishment.

### • Representative office.

A representative office of a foreign enterprise is a legally dependent subordinate organizational unit within the entire scope of its activity, conducting business exclusively in the field of advertising and promotion in the name and on behalf of a foreign enterprise. Advertising and promotional activity is an element of the foreign enterprise's business activity. No other activity is allowed.

Foreign enterprises may set up representative offices based in Poland if the activity of a foreign entity on Polish territory is conducted directly in the name and on behalf of this entity.

Setting up a representative office requires an entry in the registry of representative offices of foreign enterprises maintained by the Minister of Economy.

An application for entry into the registry of representative offices along with the required documents and confirmation of payment of the stamp duty may be sent by post or submitted at the Ministry.

Taxpayers who do not have a seat or a management board in Poland are subject to tax only on the revenues which they generate on the territory of Poland. Therefore, a representative office of a foreign enterprise does not pay taxes on revenues whose source is abroad.

The founder will bear full liability (the foreign entrepreneur or the foreign person appointed to promote the economy).

Representation office must use the name of the parent company in the language of the country of its registration, as well as the name of its legal form translated into Polish and the words "Representative office in Poland." At the head of representation is the authorized person having accommodation in Poland.

### • Effective company formation procedures.

There are numbers of different ways to enter the Polish market. Expanding foreign companies normally opt to establish a local subsidiary or register a local branch office. In both cases the establishment procedures are quick and effective, requiring only a few clearly defined steps.

steps needed to set up a sp. z o.o. (LLC)

**Step 1** – Signing the deed of establishment of the Company and the Company's Articles of Association in the form of a notarial deed.

**Step 2** – Concluding a lease agreement of a virtual office or a real office (depends on what you are interested in: finding a place to commence real operations or just an office / mailbox with address).

**Step 3** – Registering the Company in the National Registry Court. Announcing the Company's entry into the registry in the official journal – "Monitor Sądowy i Gospodarczy".

**Step 4** – Notifying the tax office competent for the Company's registered office about its entry into the register (obtaining a tax identification number – NIP). Registering the Company in the relevant Statistical Office (and obtaining a statistical number - REGON). Ordering firm stamps.

**Step 5** – Registration as a VAT-payer, obtaining EORI (customs office) number if it is necessary.

**Step 6** – Opening a bank account.

## 2. POLISH BRANCHES.

### • Registration procedure through Internet

It is possible now to use the simplified mode of registering the limited liability company, the so-called S24 mode. In this mode the company registration procedure is executed through the Internet (e-registration / electronic registration). The Articles of Association shall be made using the standard form designed by the Ministry of Justice. There is no possibility add any paragraph into this Articles of Association.

#### The advantages of Internet-registration are the following:

- *this saves time we spend on the registration of the company,*
- *you can register a company with our help without leaving your country.*

Please note that the legal entity can not be the founder of the company in the electronic registration.



## Topic №3. Corporate taxation (CIT)

### COMPETITIVE TAX CONDITIONS

Individuals who are resident in Poland are subject to tax on their worldwide income. Limited taxation applies to those individuals who are not resident in Poland. Nonresidents may be taxed solely on income received in Poland.

The company income tax in Poland is one of the lowest in Europe, being rated at 19%. Partnerships are not subject to corporate income tax in Poland.

### VAT IN POLAND.

The standard Polish VAT rate is 23%. As in many other countries, Poland also applies VAT exemptions for various services like postal and financial ones, and also reduced rates of 8% and 5% for certain kind of food, books, newspapers and others. However, contributors have the possibility to apply for VAT refund by submitting an application to the Tax Authorities.

### OTHER INFORMATION ABOUT TAXATION IN POLAND.

- 2015 CIT rate – 19%.
- Taxable profit is calculated on a cumulative monthly basis.
- Tax year - tax year in Poland is complies with a calendar year, but taxpayers may choose an alternative financial year.
- Losses - losses may be carried forward for up to 5 years. Not more than 50% may be deducted in any one year. No carry backwards is available.

### The company is subject to VAT in two cases:

- company is engaged in consulting services,
- the company's turnover is up 150 000 PLN

## Topic №4. Labor Market.

### LABOR MARKET. HIRING A MANPOWER.

If you carry out business activity you are required to make numerous important decisions: from choosing a legal form of business to determining matters related to hiring employees. When you begin to cooperate with new people you need to select a legal form of your cooperation. In Poland parties to a contract have discretion in determining their contractual relationship. That means that they have the right to decide about a legal relationship on condition that its terms and purpose does not contradict with the actual law and the principles of usual business practice.

Polish law provides for various types of employment relationship based on contracts regulated by the Labor Code and by the Civil Code. In recent years civil law contracts have been used increasingly because of the minimal obligations placed on the employer. Amendments to the Labor Code in 2002 have been adopted with a view to prohibit the widespread practice of replacing contracts of employment with civil law contracts. Changes in labor relations and the organization of the economy in Poland have proved conducive to the development of new forms of employment. Although the contract of employment remains one of the most widespread form of employment in Poland, other more flexible forms of employment are also attractive. The form of employment is regulated by two legal acts: the Labor Code and the Civil Code.

### EMPLOYMENT BASED ON THE LABOR CODE.

Contracts of employment are the most common form of employment. They give tangible benefits to the employer and the employee, in comparison with contracts based on the Civil Code (such as the 'contract of mandate' or contract to perform a specified task or work). By signing a contract of employment the employer gains a permanent employee and can be sure that the employee will be at his workplace at a specified time day by day and will observe instructions. The employee, on the other hand, enjoys many benefits which are not available in Civil Code contracts, such as paid holidays, maternity and childcare leave, and severance pay in the event of collective redundancies.

### The Labor Code lists two basic kinds of contracts of employment, as follows:

- for a fixed period;
- for an indefinite period.

One of the parties to a contract of employment is the employer, which is obliged to pay salary for the employee's work. The employer may be an organizational unit or a private person. It is not necessary that the employees be employed for profit-oriented activities; they may also be employed for other purposes (e.g. as a domestic servant or a babysitter). The other party is the employee. In general, any person who is aged 18 years or older may be an employee. In exceptional cases an adolescent (a person aged at least 15 years but less than 18 years) may also be an employee. There are many restrictions concerning the employment of adolescents, including that they must: be at least 15 years old; have completed primary education; and have a medical certificate stating that the particular kind of work to be performed does not endanger the employee's health.

**Topic №4.  
Labor Market.**

**CONTRACT OF EMPLOYMENT FOR A FIXED PERIOD.**

A contract of employment for a fixed period is a limited contract. The contract terminates at a specified date. The law does not specify the maximum duration of such a contract, but the term of contract should be reasonable. It is assumed that a contract for a fixed period may last from three months to three years and, in justified cases, even five years. Regulations, however, limit the number of such contracts concluded with one employee. Pursuant to the law, a contract for an indefinite period must follow after two consecutive contracts for a fixed period. In general, a contract for a fixed period cannot be terminated with notice, but there are exceptions to this rule.

**Termination with notice is admissible in the following cases:**

- if the parties have signed a clause providing for the possibility of terminating the contract on two weeks' notice;
- if the employer goes into bankruptcy or liquidation; or
- if the staff is reduced for organizational or economic reasons on the part of the employer.

If the termination of a contract for a fixed period by the employer is defective, the employee is entitled only to compensation equivalent to the amount of salary for the outstanding period of contract, but not more than three months.

**CIVIL LAW CONTRACTS.**

Apart from the employment relationship regulated by the Labor Code, there are other forms of employment based on the Civil Code – known as civil law contracts.

**The Civil Code distinguishes between:**

- *contracts of mandate*;
- *contracts to perform a specified task or work.*

**Selected advantages and disadvantages of certain forms of employment from employer's point of view:**

Form of employment	Advantages	Disadvantages
Employment contract	<ol style="list-style-type: none"> <li>1. Permanent character of a relationship: possibility of creating long-term work plans including employees (honesty in labor relations).</li> <li>2. Employee's subordination in terms of the place, time and method in which work is to be performed.</li> </ol>	<ol style="list-style-type: none"> <li>1. Very developed system of rights, guarantees and privileges which an employee is entitled to (e.g. minimum wage, paid holiday, working hours regulations, regulations related to maternity, particular procedures of terminating a contract).</li> <li>2. Little flexibility.</li> <li>3. Highest labor costs (compulsory old-age pension, disability pension, health, work accident, sickness insurance contributions).</li> </ol>
Order contracts (provision services)	<ol style="list-style-type: none"> <li>1. Honesty in labor relations.</li> <li>2. Discretion in deciding about the character of a legal relationship.</li> <li>3. Flexibility.</li> <li>4. Labor costs are lower than in the case of an employment contract.</li> </ol>	<ol style="list-style-type: none"> <li>1. No subordination relationship.</li> <li>2. Compulsory old-age pension, disability pension, health insurance contributions.</li> <li>3. No or limited liability for the result which has been ordered in a contract.</li> </ol>
Contracts with a specified task	<ol style="list-style-type: none"> <li>1. Contract of a result.</li> <li>2. Discretion in deciding about the character of a legal relationship.</li> <li>3. Flexibility.</li> </ol>	<ol style="list-style-type: none"> <li>1. No subordination relationship.</li> </ol>
Sole proprietor	<ol style="list-style-type: none"> <li>1. Lowest labor costs.</li> <li>2. Discretion in deciding about the character of a legal relationship.</li> <li>3. Flexibility.</li> <li>4. Possibility of deducting the VAT.</li> </ol>	<ol style="list-style-type: none"> <li>1. No subordination relationship.</li> </ol>

**For now minimal salary in Poland is 1750 PLN (gross), however in 2016 it will be 1850 PLN (gross).**

## Topic №4. Labor Market.

### WORK PERMIT

A Work Permit is a document that authorizes a foreigner to work legally in Poland (on condition of having a visa or TRP or another document allowing to stay in Poland). The permit indicates the company which want to hire a foreigner at a concrete position (or concrete type of work). The work is therefore regarded as legal only if the foreigner performs the work identified in the permit. This means that if the foreigner wants to change job (i.e. change employer and / or position and / or industry) in which he is employed, he has to obtain a new permit. However, there are some circumstances in which the permit remains valid despite a change in the circumstances for which it has been issued. The permit is valid for the period for which it was issued. The term of validity of the permit is indicated on the document. A work permit is required both for taking up employment on the basis of an employment contract as well as civil law contracts - more information on contracts is available.

The permit is issued by the Governor (Wojewoda) competent for the region of the company's head office.

If you would like to get a National Visa (D type 365/365), you can get them only on the basis of the Work Permit. There are several

types of Work Permits, but basic are: A-type - for employee, B-type - for members of the board of directors. Terms of issue governors Work Permit A-type is 1,5-2 months and 30 days for B-type.

### NOTE PLEASE:

**visa and TRP and Work Permit are separate types of documents in Poland. Work Permit allows you to work in Poland only if you have a basis to stay in here (not allows to enter the country and work here by itself), such as:**

- **Business visa** – is a short-term visa, which allows you to stay in Poland up to 90 days in a half a year, no longer. You can get it using an extract of register as a base.
- **National visa** – is a long-term visa, which allows you to stay in Poland for a year. Work Permit is required for getting this visa.
- **TRP (Temporary residence permit)** – is not a visa, it is a document confirming the identity of a foreigner during his stay in Poland. This document, together with a valid passport, confirms the right to stay in Poland and entitles the foreigner to cross the Polish national border numerous times without necessity. TRP may be issued for a year or two. In practice you cannot get a TRP very quickly, it takes about 3-5 months since the procedure started.

Who requires a work permit in Poland	Who may work in Poland without a work permit
<p>Non-EU nationals is entitled to work in the Republic of Poland on the basis of a work permit if they legally resides in Poland on the basis of:</p> <ul style="list-style-type: none"> <li>• a visa (exceptions to this principle apply)</li> <li>• a Schengen visa or another residence document issued by another Schengen Area member state</li> <li>• a temporary residence permit (there are exceptions to this principle)</li> <li>• on the basis of visa-free travel if the provisions of an agreement concerning visa-free travel foresee a work by foreigners</li> </ul>	<p>A foreigner entitled to work in Poland without a work permit is a person who:</p> <ul style="list-style-type: none"> <li>• possesses a permanent residence permit issued by the Republic of Poland</li> <li>• has a valid Pole's Card</li> <li>• is a student of full-time studies in Poland studying on the basis of a visa</li> <li>• is a student of full-time studies in Poland studying on the basis of a residence permit issued for the purpose of continuing his higher education in Poland for the full year;</li> <li>• is a graduate of Polish secondary schools, or has completed full time studies (higher education), or full-time doctoral studies at Polish universities and scientific and research institutions.</li> </ul>
Who requires a work permit in Poland	Who may work in Poland without a work permit
<p>Non-EU nationals is entitled to work in the Republic of Poland on the basis of a work permit if they legally resides in Poland on the basis of:</p> <ul style="list-style-type: none"> <li>• a visa (exceptions to this principle apply)</li> <li>• a Schengen visa or another residence document issued by another Schengen Area member state</li> <li>• a temporary residence permit (there are exceptions to this principle)</li> <li>• on the basis of visa-free travel if the provisions of an agreement concerning visa-free travel foresee a work by foreigners</li> </ul>	<p>A foreigner entitled to work in Poland without a work permit is a person who:</p> <ul style="list-style-type: none"> <li>• possesses a permanent residence permit issued by the Republic of Poland</li> <li>• has a valid Pole's Card</li> <li>• is a student of full-time studies in Poland studying on the basis of a visa</li> <li>• is a student of full-time studies in Poland studying on the basis of a residence permit issued for the purpose of continuing his higher education in Poland for the full year;</li> <li>• is a graduate of Polish secondary schools, or has completed full time studies (higher education), or full-time doctoral studies at Polish universities and scientific and research institutions.</li> </ul>

**Topic №4.  
Labor Market.**

**TYPES OF WORK PERMIT**

Types of work permit			
Preferential permit	Work permit		
Declaration of the intention to entrust a job to a foreigner	Work Permit Type A	Work Permit Type B	Work Permit Type C, D, E
<ul style="list-style-type: none"> <li>• Citizens of Belarus, Moldova, the Russian Federation, Ukraine and the Republic of Armenia may take up employment without the necessity of obtaining a work permit for a period not exceeding 6 months within 12 subsequent months. Such employment is based on an employer's declaration of intention to entrust a job to a foreigner which must be registered in the local Labour Office by Polish employer.</li> <li>• This type of permit cannot be renewed.</li> <li>• Requires fixed salary</li> <li>• Does not require hourly rates.</li> </ul>	<ul style="list-style-type: none"> <li>• For an hired employee</li> <li>• The maximum term of the permit is 3 years</li> <li>• Requires an opinion from the local Labor Office about the lack of local candidates for the position</li> <li>• Requires fixed salary</li> <li>• Is given for a concrete position</li> <li>• The employer can hire an employee at ½ rates.</li> <li>• Must comply with minimum wage</li> <li>• It is possible to apply in one procedure for a residence permit based on work</li> </ul>	<ul style="list-style-type: none"> <li>• For members of the Board of Directors</li> <li>• The maximum term of the permit is 3 years</li> <li>• Doesn't require an opinion from the local Labor Office about the lack of local candidates for the position</li> <li>• Doesn't require fixed salary (no salary at all)</li> <li>• Doesn't tied with minimum wage</li> <li>• It is possible to apply in one procedure for a residence permit based on work</li> </ul>	<ul style="list-style-type: none"> <li>• For a foreign employee who is delegated to the Republic of Poland for a period exceeding 30 days in a calendar year</li> <li>• The minimum size of a salary should be 3609 PLN (gross).</li> </ul>

# Topic №5.

## Social security.

### **SOCIAL SECURITY.**

Social security system in Poland is of a general and compulsory character. Social security – in the field of selected risks – covers persons who are, inter alia, employees, persons who work on the basis of Civil Code contracts or who carry out a business activity.

### **COMPONENTS OF SOCIAL SECURITY INSURANCE.**

**Social security contributions are made up of:**

- Pension insurance
- Disability insurance
- Social security for industrial accidents and occupational diseases
- Social security for sickness and maternity

### **PENSION INSURANCE.**

Pension insurance is a basic source of financing a pension fund. People receive a pension when they finish their professional work (who are retired) after achieving pensionable age.

### **DISABILITY INSURANCE.**

Disability insurance guarantees social benefit in case of losing income by reason of disability (inability to work or death of a breadwinner in a family). In such a situation persons who pay disability insurance premiums are granted disability pension for incapacity for work, which is a substitution for lost income. Also in case of death of an insured breadwinner in family members of his family are granted family pension. Premium for disability insurance is 6% of the salary, where 4,5% is paid by an employer, and 1,5% by an employee.

**1.Disability pension for incapacity for work.**

**2.Family pension.**

### **SOCIAL SECURITY FOR INDUSTRIAL ACCIDENTS AND OCCUPATIONAL DISEASES.**

Security for industrial accidents and occupational diseases covers employees, persons who work on the basis of commission agreements, and persons carrying out a business activity. **Benefits for industrial accidents and occupational diseases can be granted to a person who is insured for such cases as:**

- Sickness benefit
- Rehabilitation benefit
- Compensating benefit
- One-time compensation
- Disability pension
- Training allowance
- Family pension
- Attendance allowance
- Covering the costs of treatment

Accident security premium is from 0.40% to 8.12% of the basis of assessment and is entirely covered from an employer's funds.

### **SOCIAL SECURITY FOR SICKNESS AND MATERNITY.**

The following benefits are paid due to insurance in case of sickness and maternity:

- Sickness benefit
- Rehabilitation benefit
- Compensating benefit
- Maternity allowance.

**ABOUT THE ORUGA GROUP COMPANY.**

Oruga Group's teams of industry experts will assist you in setting up your operations in Poland.

We support your project management activities from the earliest stages of your expansion strategy. We provide you with all of the industry information you need – covering everything from key markets and related supply and application sectors. Foreign companies profit from our rich experience in identifying the business locations which best meet their specific investment criteria. We help turn your requirements into concrete investment site proposals; providing consulting services to ensure you make the right location decision. We coordinate site visits, meetings with potential partners, universities, and other institutes active in the industry. Our team of consultants is at hand to provide you with the relevant background information on Poland's tax and legal system, industry regulations, and the domestic labor market. Our experts help you create the appropriate financial package for your investment and put you in contact with suitable financial partners. Incentives specialists provide you with detailed information about available incentives, support you with the application process, and arrange contacts with local economic development corporations. All of our investor-related services are treated with the most confidentiality and provided free of charge.

---

**ORUGA GROUP POLAND**

ul. Smulikowskiego 1/3, 00-389 Warszawa

e-mail: [info@orugagroup.com](mailto:info@orugagroup.com)

tel. +48 22 240 70 40

mob. +48 734 183 230 (viber)

skype: [oruga.group.pl](https://www.skype.com/people/oruga.group.pl)

---

**WWW.ORUGAGROUP.COM**