

RSM International
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Doing Business
in Poland 2010

Foreword

Welcome to Poland!

We are proud to present to you Doing Business In Poland - 2010 edition. Doing business in Poland was a very popular saying in past years all over the Europe and other continents as well. We also deeply believe it will be even more popular in the next years. Our aim is to attract companies to do business in Poland and to make it as easy and reliable as possible.

Poland is a very interesting country. On one hand it is the biggest one in Central and Eastern Europe. On the other hand it's country of "highways under construction", not enough direct flight connections and lots of changes in tax law.

Growing economy, low corporate taxes, big domestic market, lots of young, educated, skilled people willing to work hard for reasonable rates this is what characterise Poland nowadays. Poland is also a co-host of the UEFA EURO 2012 which speeds up our economy and constitutes unique investment opportunities. In Poland we still have lots to catch up - therefore lots of investments takes place here and lots will in the next years.

This guide is intended to provide general information about doing business in Poland. It indicates some key points that one should take into accounts prior to setting up a business. The investor should always keep in mind that even though Poland is member to EU the internal regulations in many fields differ from the one applicable in country of investor's origin. Careful consideration of these issues may prevent from making many mistakes and unnecessary costs at early stage of investment thus lead to higher profits and even better seizure of chances Poland gives.

Doing business in Poland is very good idea but doing it without getting to know Poland may lead to lower than expected results. Therefore before making the right decision on starting business activity in Poland - read the document we've prepared and contact us - for sure we can be of help.

Congratulations on great idea to do business in Poland with RSM International!

Yours sincere,

Bartosz MIŁASZEWSKI

Doing Business in Poland 2010



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General

Poland is a country in Central Europe, member of the European Union, the Organisation for Economic Co-operation and Development (OECD), NATO, United Nations, World Trade Organization, and it is comprised in the Schengen Area. That's mean is it is possible to travel and do business in Poland without any bothersome limitation within the European Union.

Geography and demographics

Geographical conditions

Poland is a country in Central Europe, on the Baltic Sea. The area of the country is 322,575 km² (68th largest in the world, 9th in Europe). Its territory is delimited from the south by the Sudetes and the Carpathian Mountains. The country is bordered by Germany, the Czech Republic, Slovakia, Ukraine, Belarus, Lithuania, and Russia. The limits of Poland's exclusive economic zone is adjacent to the limits of Denmark's and Sweden's respective zones.

The table below presents the time zone in which Warsaw (and the entire territory of Poland) is located, compared to selected other cities.

City	New York	London	Brussels	Warsaw	Moscow	Shanghai
Time zone	UTC -5	UTC	UTC +1	UTC +1	UTC +3	UTC +8

Demographics

Total population is estimated as around 38,167k (33rd largest globally, 8th in Europe). The population has been growing rapidly after World War II. Today Poland, like many other developed countries in the world, is facing a problem of insufficient population growth. The value of this ratio in Poland was negative in the first decade of the 21st century.

Major Polish cities, with over 500 thousand inhabitants are:

- Warsaw: 1,711 thousand,
- Kraków: 755 thousand,
- Łódź: 745 thousand,
- Tri-City (Gdańsk, Gdynia, Sopot): 743 thousand,
- Wrocław: 632 thousand,
- Poznań: 556 thousand

In Poland there are 10 international airports. The biggest are:

- Warsaw – Okęcie,
- Cracow – Balice,
- Katowice – Pyrzowice,
- Gdańsk – Rębiechowo,
- Wrocław – Strachowice,
- Poznań – Ławica.

Political system

The country is divided into 16 voivodeships (provinces), which are further divided into counties and communes.

Legislative power

The legislative authority is the bicameral parliament. The lower house of parliament (Sejm) consists of 460 representatives, the upper house (Senate) has 100 senators. The parliament is elected once every 4 years in common election. The main duty of the parliament is to establish rules of the law.

The supreme act of law in Poland is the Constitution of the Republic of Poland.

Executive power

Executive authorities in Poland are: the President, and the President of the Council of Ministers (the Prime Minister). The president is elected once every 5 years in common election. The President may either sign or veto Acts of law enacted by the Parliament. The President also ratifies international treaties.

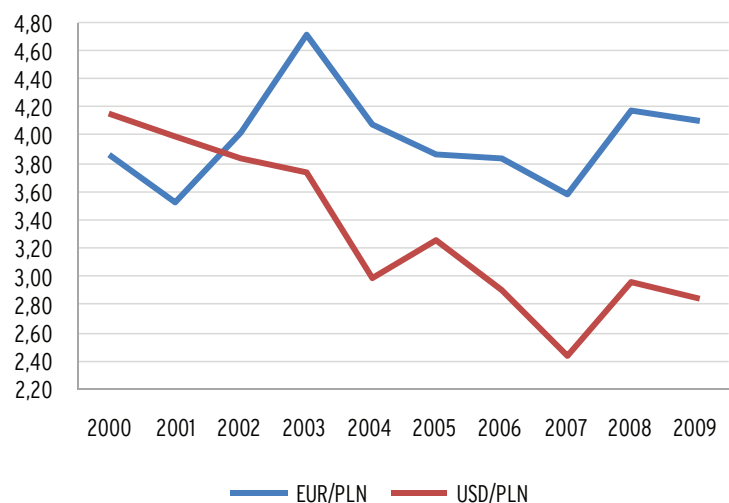
The Council of Ministers is composed of the President of the Council of Ministers, the Vice-Presidents of the Council of Ministers, and the ministers. The President and the lower house of parliament (Sejm) play key roles in appointing the Council of Ministers. The President accepts resignation of the Council of Ministers at the first session of a newly elected Sejm in case the Sejm does not give a vote of confidence or gives a constructive vote of no confidence.

Judicial power

Judicial power is made up of independent courts acting solely and exclusively on the basis of valid laws. The Polish judiciary comprises the Supreme Court, common courts (district courts, regional courts, and courts of appeals), as well as special courts (military and administrative courts). The State Tribunal and the Constitutional Tribunal play an important role as well.

The economy

The Polish economy is growing rapidly and constantly. It has responded outstandingly well to the



consequences of economic downturn caused by the financial crisis of 2008. According to the data obtained from the International Monetary Fund, annual income per capita in 2008 amounted to USD 14,892 or, with the application of purchasing power parity, USD 17,559. Poland is the only EU Member State that achieved positive economic growth in 2009.

Poland's main trading partners are: Germany, Italy, Russia, and France.

The largest Polish companies are those which play an important part in the regional perspective of Central Europe. Most significant of these include: PKN Orlen, Polska Grupa Energetyczna, PGNiG,

Telekomunikacja Polska, Lotos Group, Tauron Group, KGHM Polska Miedz. The most significant financial institutions are: PZU, Pekao, PKO BP.

The public sector generates approx. 25% GNP, which is a similar ratio to that observed in France and Norway.

Key macroeconomic indicators for Poland (2009):

GNP growth	Inflation	Unemployment rate
1,8%	3,5%	11,9%

Poland intends to access the eurozone in the future. The exact date of this operation cannot be specified as yet, which is due to political reasons as well as turbulence on the global financial markets. The table below presents the historical values of exchange rates of PLN to main currencies globally (as at the end of year).

Other

Table below shows national holidays and other days off.

Name	Date
New Year's Day	1st January
Easter Sunday	Movable - Sunday in Spring
Easter Monday	Movable - Next day after Easter Sunday
Labour Day	1st May
Constitution Day	3rd May
Pentecost Sunday	Movable - 7th Sunday after Easter
Corpus Christi	Movable - 9th Thursday after Easter
Assumption of the Blessed Virgin Mary	15th August
All Saints Day	1st November
Independence day	11th November
Christmas Day	25th December
St. Stephen's Day	26th December

Poles like to take days off between national holidays and weekends, so they can have free "long weekend" for leisure. Everyone must keep it in mind planning his business activity and business travels to Poland. Furthermore if any holiday is on Saturday (which is normally free of work for the given employee) the employer must indicate any other day that will be free of work for this employee. In Poland shopping centres and big shops work on Sundays, except national holidays.



Types of Business Entities

Introduction - available options

According to the Polish legal framework, economic activities may be carried out in many various forms. Below is a presentation of their characteristics.

Sole proprietorship (self-employment; individual business entity)

For a natural person to be allowed to conduct their sole economic activity, they must be registered in the appropriate registry of economic activities, i.e. fill in a relevant application (free of charge). Entrepreneurs intending to commence operations in this form do not need to expend significant registration costs nor have any solid initial capital. However, a natural person (an individual) running their business in this form bears unlimited personal liability for any obligations arising from the activities of their enterprise. This form of business activity is available only to citizens of EU and EEA Member States. Citizens of third party States are required to obtain special permits.

Civil law partnership

Contrary to what the designation may suggest, a civil law partnership is not an independent economic entity. It is only a contractual relationship, i.e. a contract executed between two or more individuals forming a partnership with the purpose of jointly conducting their business activities. Each partner is authorized and obliged to manage the affairs of the partnership and represent the partnership outside. Partners are personally, jointly and severally liable for the obligations

of the partnership. The partnership by itself does not need to be registered, but each partner is required to make such registration. This form of business activity is available only to citizens of EU and EEA Member States. Citizens of third party States are required to obtain special permits.

Commercial partnerships

Commercial partnerships, contrary to civil law partnerships, are autonomous economic entities that do not have a legal personality, but under valid legislation they have certain significant attributes of legal persons. These partnerships may acquire titles, contract obligations, sue and be sued on their own behalf. Commercial partnerships as entrepreneurs must be recorded in the registry of entrepreneurs of the National Court Register (KRS). Four types of commercial partnerships can be distinguished in the Polish legal framework.

■ Registered partnership

This is a model form of a commercial partnership, focusing primarily on the personal component, namely on the partners. A deed of a registered partnership should be executed in writing unless the deed obligates the partner to deliver a contribution wherefore any special form is prescribed, e.g. for a real property to be contributed to the partnership, the deed of partnership must be executed as a notarized deed. Partners provide contributions to the partnership. The value of such contributions must be defined, but no minimum initial capital is required. Like in the case of a civil law partnership, each partner is authorized and obligated to manage the affairs of the partnership and represent the partnership outside. Each partner is liable for the obligations of the partnership without any limitation, with their entire property, jointly with the remaining partners and with the partnership. However, this liability is defined as subsidiary liability, meaning that a creditor of a partnership may carry out an execution from partner's assets where execution from partnership's assets proves ineffective. This form of business activity is available only to citizens of EU and EEA Member States. Citizens of third party States are required to obtain special permits.

■ Professional partnership

In a professional partnership, partners may be exclusively natural persons authorized to practise the liberal professions specified in Article 88 of the Code of Commercial Partnerships and Companies, including the following professions: advocate; pharmacist; architect; building engineer; sworn translator.

Like in the case of a registered partnership, a deed of a professional partnership should be executed in writing under the pain of nullity. The material substance of the enterprise typically consists of the partners' contributions, without a specified minimum value of initial capital for a professional partnership. A unique quality of a professional partnership is a specific regulation of liability rules, namely each partner may only be held liable for the consequences of his own actions but cannot be held liable for the obligations of the partnership occurring as a consequence of other partners' deeds in relation to the practising of liberal profession by the remaining partners, as well as for partnership's obligations resulting from the actions or default of the persons employed by the partnership and subordinate to another partner. This form of business

activity is available only to citizens of EU and EEA Member States. Citizens of third party States are required to obtain special permits.

■ Limited partnership

This is a specific type of a commercial partnership, distinguished by the presence of two types of partners: limited partners and general partners. A limited partner is the partner bearing limited liability for the partnership's obligations towards its creditors, only up to the amount of commendam sum defined in the deed of partnership. The name of the limited partner cannot be included in the corporate name of the partnership, or otherwise the limited partner will be liable towards third parties to the same extent as the general partner. A general partner is the partner who is liable for the obligations of the partnership towards its creditors without any limitations, like partners in a registered partnership. The deed of a limited partnership shall be made in the form of a notary deed. Partners provide contributions to the partnership. The value of such contributions must be defined, but - like in the case of a registered partnership - no minimum initial capital is required. Division of partners' liability is related to the scope of their authority to manage the affairs of the partnership and represent the partnership outside. A limited partner may only represent the partnership as a proxy and is neither authorized nor obliged to manage the affairs of the partnership. The general partner is responsible for managing the affairs of the partnership and for representing the partnership outside. This form of business activity is available to citizens of any State.

An interesting version of a limited partnership, which is advantageous in many ways, is a limited liability company & co. limited partnership. In this specific organizational form, the limited partner is a natural person - shareholder of a limited liability company, and the limited liability company itself becomes the general partner. This option has the following advantages: no double taxation of incomes; no natural person bears unlimited liability with their personal property; the partnership may be managed by professionals who are not necessarily made partners; if a legal person is the general partner, this guarantees more solid continuity of business operations.

■ Limited joint-stock partnership

This is a hybrid type of establishment, combining certain components of partnerships and companies, although the Polish legislator has qualified it among partnerships. In this type of partnership, at least one partner is the general partner who is liable for the partnership's obligations before creditors without any limitations, and at least one partners is a shareholder. The importance of this form in the Polish economy is quite marginal because in case of major undertakings, unlimited liability of general partners for the partnership's obligations would be too risky, and shareholders are generally not interested in investing in a partnership in which they would not be able to influence the composition of the managing bodies - it is practically impossible to dismiss or otherwise remove general partners from their managing positions. Same as in the case of a joint-stock company, the legislator uses the word "articles" instead of "deed of formation", requiring that the said articles be executed as a notarized deed. A limited joint-stock partnership is the only type of partnership where at least PLN 50,000 initial capital must

be gathered. Therefore, this partnership is capitalized higher than any of the existing types of companies. The partnership is represented outside by general partners, while shareholders are neither liable for the partnership's obligations nor engaged in management of the partnership (they are only allowed to represent the partnership as proxies). This form of business activity is available to citizens of any State.

Commercial companies

Apart from partnerships, the Polish legislative framework foresees two additional forms of running economic activities, namely the following two types of companies: a limited liability company (sp. z o.o.) and a joint-stock company (S.A.). Their objective is to run more extensive operations than those of partnerships. Joint-stock companies are particularly fitted for handling major economic undertakings, requiring involvement of significant equity. Both these types of companies have a legal personality, operate as independent entrepreneurs and must therefore be registered in the registry of entrepreneurs of the National Court Register. Companies are the most commonly chosen forms of running business activities in Poland. The factor which strongly contributes to their popularity is certainly the limitation of personal liability of shareholders up to the amounts of their respective contributions to cover the initial capital (more precisely, there is an obligation to execute certain performances identified in the company deed/articles, with simultaneous non-existence of any liability of the shareholders for the obligations of the company).

■ Limited liability company

This type of organization is most commonly chosen by persons intending to engage in small or medium-sized entrepreneurial activity, with special consideration of the personal component, i.e. the identities of the shareholders. Although this type of company may be managed by third persons other than shareholders, it is common practice to delegate managing functions to one or more shareholders, considering their higher engagement in current affairs of the company. Paradoxically, this option carries a risk of liability for the obligations of the company because where execution against the company has proved ineffective, the members of the management board shall be liable jointly and severally for the obligations of the company (although they are able to avoid this liability under certain conditions). A deed of formation of a limited liability company should be executed as a notarized deed. Shareholders provide contributions to the company, covering the initial capital (share capital). Cash or non-cash contributions are distinguished, and the minimum amount of initial capital is PLN 5,000. There is an important limitation of the general rule, whereunder it is not allowed for a new limited liability company to be established (formed) solely by another sole-shareholder limited liability company as the single promoter. However, there are no restrictions preventing acquisition of the entire shareholding in an existing limited liability company by another sole-shareholder limited liability company. Unlike partnerships, companies operate as legal persons through their bodies. Bodies of a limited liability company are: a general meeting of shareholders, and a management board, as well as supervisory bodies that are obligatory only in certain specific circumstances (a supervisory board and/or a revision committee). The ranges of competence of the specific bodies of the company are divided by force of law and may be further regulated in the deed of company formation. In any case, the

management board shall manage the affairs of the company and represent the company. This form of business activity is available to citizens of any State.

■ Joint-stock company

A joint-stock company (S.A.) is a type of organization which is capable of obtaining significant equity from a large group of investors in a relatively short time and at a relatively low cost. Therefore, this form is most commonly applied in case of major economic undertakings. A characteristic feature of this company is the absolute separation of managing functions from shareholding functions - in a joint-stock companies, day-to-day management is exercised by one or more persons specializing in management activities. Because shareholders are not directly engaged in company management, they are capable of diversifying their portfolios and engage their capital in many business operations at the same time. Another important quality of a joint-stock company is unrestricted transferability of the company's shares. Articles of a joint-stock company should be executed as a notarized deed, and the signatories of such deed become the founders of the joint-stock company. Afterwards, shareholders provide contributions to cover the initial capital; if shares are taken up in exchange for non-cash contributions, these should be covered up in whole not later than one year of the company registration date, and otherwise cash contributions should be paid up before registration of the company, at least in one-fourth of their nominal value. The minimum value of initial capital at a joint-stock company is PLN 100,000. Like in the case of a limited liability company, a joint-stock company cannot be established (formed) solely by a single-shareholder limited liability company. A joint-stock company operates through its bodies in a manner provided for in the respective act of law and in the articles. These include: the general meeting (of shareholders), the management board, and the supervisory board, which is obligatory unlike in the case of a limited liability company. This form of business activity is available to citizens of any State.

Branch and representative office of a foreign entrepreneur in Poland

■ Branch

A foreign entrepreneur may open a branch in the territory of Poland, on a mutual basis, meaning a separate and organizationally independent operation of the entrepreneur's business, conducted outside the head office of the entrepreneur. The key characteristic quality of a branch is that it does not have a legal personality but operates within the limits of legal identity of the foreign entrepreneur who established the branch. A foreign entrepreneur's branch must be recorded in the registry of entrepreneurs of the National Court Register, and the costs of registration procedure are the same as those applicable to commercial companies. Registration is made on the basis of a relevant resolution/decision to establish a branch office, with simultaneous registration of the foreign entrepreneur's data (including submission of articles of association/deed of company and a copy of applicable register for the foreign entrepreneur). The foreign entrepreneur must appoint his authorized representative at the branch office. This person is entitled and authorized to operate within the branch, however only for and on behalf of the foreign entrepreneur. A branch does not have its separate corporate name and identifies itself on the market with the corporate

name of the foreign entrepreneur. A branch has its own separate property and therefore, the foreign entrepreneur is obliged to keep separate accounts for the branch in the Polish language, according to Polish accounting laws. A branch may carry out business activities only within the scope of business activity of the foreign entrepreneur.

■ Representative office

A foreign entrepreneur is also allowed to open a representative office in Poland. This legal concept is very similar to that of a branch: a representative office does not have a legal personality and it constitutes a unit of organization that is entirely and absolutely subordinate to the foreign entrepreneur. The basic difference between the two types of foreign offices is that a representative office may only carry out advertising and promotional operations for and on behalf of the foreign entrepreneur. Unlike branches which are recorded in the registry of entrepreneurs of the National Court Register, formation of a representative office requires registration in the registry of representative offices of foreign entrepreneurs, which is maintained by the competent minister of the economy. The remaining duties and obligations of an entrepreneur establishing a representative office are identical to those applicable to formation of a branch.

Crossborder forms of entrepreneurship

■ The European Economic Interest Grouping (EEIG)

This crossborder form of conducting economic activities is regulated with reference to Regulation (EEC) No. 2137/85 of 25 July 1985. An EEIG must be composed of at least 2 entities (companies and/or natural persons) conducting their business activities or having their registered offices in two different Member States within the Community. The purpose of EEIG is to facilitate or develop the economic activities of the specific members instead of earning profits for itself. The activities of an EEIG are therefore auxiliary to those of its members.

■ European company (Societas Europaea or SE)

A European company is regulated in a single Act of law with the EEIG, with reference to Regulation (EC) No. 2157/2001 of 8 October 2001. This is a public limited-liability company which should exist within the frameworks of companies' laws of the particular Member States along with national joint-stock companies. An SE has a legal personality and is required to have a relatively high share capital - EUR 120,000. As compared to the Polish joint-stock company, the following issues are regulated differently for an SE: formation of an SE, registered office and change (movement) of registered office, free choice of the scheme of corporate bodies in an SE (single or dual), and employee participation in management of an SE.

Comparison of the most popular forms of entrepreneurship in Poland

	Commercial partnerships + civil law partnership	Limited liability company	Joint-stock company	Branch office of a foreign entrepreneur	Representative office
Company/partnership type (description)	partnerships in which strong emphasis is placed on the identities of the partners, designed for handling small business undertakings	a company in which stronger emphasis is placed on equity than on the identities of the shareholders, designed for handling medium-sized business undertakings	a company in which strong emphasis is placed on equity and identities of shareholders are not important; designed for handling large business undertakings	a separate unit of organization of a foreign entrepreneur, operating in the territory of Poland within the scope of that foreign entrepreneur's operations	a separate unit of organization of a foreign entrepreneur, operating in the territory of Poland in the field of advertising and promotion of that foreign entrepreneur
Minimum capital	any, with the exception of a limited joint-stock partnership where the minimum amount is PLN 50,000	PLN 5,000	PLN 100,000	any	any
Partners/shareholders	legal persons and/or natural persons	legal persons and/or natural persons	legal persons and/or natural persons	no partners/shareholders; a subsidiary entity established by a foreign entrepreneur	no partners/shareholders; a subsidiary entity established by a foreign entrepreneur
Partners'/shareholders' liability for the obligations of the partnership/company	unlimited, joint and several, subsidiary liability of some or all partners	limited to the value of contributions	limited to the value of contributions	foreign entrepreneur is wholly liable for the liabilities of his branch	foreign entrepreneur is wholly liable for the liabilities of his representative office
Legal personality	no	yes	yes	no	no
Full accounting	civil law partnership, registered partnership, professional partnership: no, unless the extent of their activities is significant; limited partnership, limited joint-stock partnership: yes	yes	yes	yes	yes
Income tax	the partnership is not a taxable person in respect of income tax; income tax is paid by partners	corporate income tax - 19% rate; dividends subject to separate taxation	corporate income tax - 19% rate; dividends subject to separate taxation	income tax depending on the foreign entrepreneur's status: corporate income tax (19%) or personal income tax (flat rate: 19%, or tax scale: 18% and 32 %), cash flows between the	income tax depending on the foreign entrepreneur's status: corporate income tax (19%) or personal income tax (flat rate: 19%, or tax scale: 18% and 32 %), cash flows between the

	Commercial partnerships + civil law partnership	Limited liability company	Joint-stock company	Branch office of a foreign entrepreneur	Representative office
				branch and the entrepreneur are not taxed	representative office and the entrepreneur are not taxed
Form of transfer of profits to partners/shareholders	each partner's share in profit is defined by the deed of partnership; otherwise, equal shares apply	dividend	dividend	cash flows between the branch and the entrepreneurs can be effected on the same terms as internal cash flows of the company	cash flows between the representative office and the entrepreneurs can be effected on the same terms as internal cash flows of the company
Taxation of profits for shareholders/partners in Poland	each partner is subject to tax settlements as per applicable personal income tax rates (flat rate: 19%, or tax scale: 18% and 32 %) or corporate income tax rate (19%) - depending on the status	19% coupon tax on dividend (tax rate reduction or exemption possible under double taxation treaties or EU Directives)	coupon tax 19% (tax rate reduction or exemption possible under double taxation treaties or EU Directives)	taxation in the State of incorporation of the foreign entrepreneur, as per applicable legislation	taxation in the State of incorporation of the foreign entrepreneur, as per applicable legislation
Undertaking represented by	all or some (general) partners	management board (at least one person)	management board (at least one person)	authorized representative of the foreign entrepreneur at the branch office, and management board of the foreign entrepreneur	authorized representative of the foreign entrepreneur at the representative office, and management board of the foreign entrepreneur
Obligatory appointment of Supervisory Board (at least 3 persons)	no	no	yes	no	no
Financial statements audited by a chartered accountant	mandatory only in case of larger range of operations	mandatory only in case of larger range of operations	mandatory, irrespective of the range of operations	mandatory only in case of larger range of operations	mandatory only in case of larger range of operations
Time required for registration (estimated)	partners recorded in the registry for a civil law partnership - 1 day; registration of partnerships in the National Court Register - approx. 3-4 weeks	2 months	2 months	2 months	1.5 months

Formation of a limited liability company

Formation by foreign entities of a limited liability company, which is the most popular legal form of business activity in Poland, is a process consisting of several stages and extending over time.

Requirements for formation

The particular stages of formation of this type of company, which constitute the requirements for effective establishment of such entity, are enumerated in the Polish Code of Commercial Partnerships and Companies. These include:

- a company deed to be executed between two or more shareholders, or articles of association of the company to be executed in the case of a sole-shareholder company (formed by a single promoter);
- shareholders to make contributions to pay up the initial capital in full;
- bodies of the company to be established, including management board to be appointed, and supervisory board or audit commission to be appointed, where this Act or the company deed so stipulates;
- company to be registered in the registry of entrepreneurs of the National Court Register.

Contents of a deed of company formation

The first phase is to determine the contents of the company deed to be executed by the shareholders. Shareholders are quite free to determine the exact wording of their company deed. However, certain required components are specified which cannot be omitted from the deed. These include: corporate name and place of incorporation of the company, where the latter means the town/city and not the specific address under which the company will operate. The following data must be included further in the company deed: objects of the company's business activities; share capital value; whether more than one share can be held by each shareholder; number and nominal values of shares taken up by the particular shareholders; duration of the company if defined. Apart from the above specified items, the company deed may set forth the details of other rules of organization and operation of the company, including repetition of the options proposed in the Act, which is particularly advantageous for entities in which the shareholders are foreign individuals or legal persons not having requisite knowledge of the Polish laws.

The deed of a limited liability company should be made in the form of a notary deed. Therefore, all shareholders must appear in person at any notary office in the territory of Poland in order to sign and execute the deed. To avoid the inconvenience involved, shareholders may act through a proxy. However, the proxy must always be appointed in a formalized manner.

As soon as the deed is signed, the bodies of the company should be established and the required initial capital should be gathered. The management board may be appointed during the notary activity (however outside the scope of the notary deed), or through a resolution of an extraordinary general meeting of shareholders. A supervisory board or a revision committee may be appointed

arbitrarily, in a manner consistent with the Act and the company deed. It is necessary to bear in mind that the entire initial capital in a limited liability company must be covered (paid up) before the company is notified to the registry. Shareholders' contributions may be made in cash or as non-cash contributions. The latter doesn't need to be valued by a chartered accountant, unlike in the case of a joint-stock company where such assessment is mandatory. In a limited liability company, the management board must file a statement declaring that all shareholders have made all the requisite contributions to pay up the initial capital in full as at the date of notifying the company to the registry, and management board members are personally liable for any misstatement in this respect.

Registration of a company in the National Court Register

As soon as the company deed is signed, the initial capital is gathered and the company bodies are appointed, the management board of the company should file an application for registration of the company in the registry of entrepreneurs of the National Court Register. The application must be filed on official forms (which must be signed by all members of the management board). The following documents must be submitted as attachments: 1) the company deed (articles of association); 2) a statement by all members of the management board, acknowledging that the contributions to pay up the initial capital were made by all the shareholders in full; 3) a document certifying appointment of members of the corporate bodies, specifying the composition of the particular bodies; 4) a list of shareholders, enumerating each shareholder with their full name or corporate name, number and nominal value of their shares; 5) specimen signatures of members of the management board, submitted in the presence of a court or certified by a notary public.

The entry to the register shall not only include the data enumerated above but also all changes thereto, and the obligation to notify any updates is vested in the management board as well. In case the duty to register a company deed is not fulfilled during 6 months of executing the company deed, the deed shall be terminated.

Obtaining an entry in the Registry of the National Economy and assignment of a tax identification number by the Tax Office

Two additional registration applications must be submitted together with the application for entry in the registry of entrepreneurs of the National Court Register: an application for registration in the national official registry of entities of the national economy (REGON), and taxable person's or taxpayer's identification report to the tax office (NIP-2 form). Other possible attachments are: notification of payer of contributions within the meaning of the laws on the social security system if certain additional criteria requiring such submission occur. Through application of "one-stop-shop procedure", the court is obliged to forward the above specified applications to the competent offices. In the course of further registration procedure, as soon as the company is registered in the National Court Register, it receives a REGON number (for statistical purposes), a tax identification number NIP and a EU VAT number (for tax purposes).

Supplementary requirements

The following should be enclosed to the NIP-2 form referred to above: a contract of lease or rental, a notarized deed certifying freehold title, or any other title to use the premises in which the company will operate. Another additional obligation of the company is to open a bank account which should be maintained throughout the life of the company. A newly established company should have at least one bank account opened with a bank having its registered seat in Poland. However, the company is not prevented in any way from operating other bank accounts abroad. A bank account agreement is another necessary attachment to the NIP-2 application. Unless these documents can be submitted together with the main application, they should be supplied as soon as possible through updating the information available to the tax office. The company should also have an official seal containing the following information: corporate name of the company, indicating its organizational form; address (necessarily including the place of incorporation); National Court Register (KRS) number; Company Statistical Number REGON; Tax Identification Number NIP.

Legal status of companies in the process of organization

During the period from signing the company deed until effective registration in the National Court Register (and therefore obtaining a legal personality), a limited liability company operates on the market as an entity "in the process of organization" (this phrase must be added to the name of the company). During that period, the company does not have a legal personality but has similar attributes to those of a partnership.

Procedures related to organizing of company (summary)

Stage	Description of action	Accomplishment time
Content of company's articles of association	Partners make decision concerning contents of company's articles of association, regulating organization and functioning of company, establishing members of statutory powers	Depends on necessary consultancy and additional information about 1 week
Notary deed	Partners are going to notary public in Poland in person (optionally they send plenipotentiaries) and are signing the articles	2h
Registration of company in KRS	The board submits an application (with all required attachments) to Commercial Court, which keeps company records (KRS), to enable company registration	Waiting time for registration 3-4 weeks
REGON number	To the application for entry into the KRS Board attach application for entry in the National Register of Business Entities (REGON)	Waiting time for REGON number about 6 weeks
Head office	The Board signs agreement (renting, lease, purchase or other) which enables the company to use property as a place of commercial activity	2h (plus extra time for negotiations)
Bank account	The Board signs agreement to use bank account	2h (plus extra time for preparation of bank documents)

Stage	Description of action	Accomplishment time
NIP + VAT numbers	To the application for entry into the KRS Board attach application for new tax-payers (NIP-2) with required enclosures. At the same time the Board can make an application for VAT UE number	Waiting time for NIP number about 8-9 weeks, VAT UE number is given after NIP, about 1 week later

Acquisition of shares in a previously formed company (shelf companies)

Company registration procedure is relatively time-consuming. During that transition period, the entrepreneur is allowed to operate but his clients and vendors may frequently react with distrust to an organization not having any identification numbers, particularly a tax identification number (NIP). Therefore, many entrepreneurs take advantage of an option of acquiring shares in an existing company, which was formed earlier, registered with all authorities, and which has been assigned the requisite KRS, REGON and NIP numbers, but which has never conducted any business activities before (so-called shelf companies).

The procedure of acquiring such shares is significantly simpler than that involved in forming a company - it only requires the appearance of the seller and the buyer (or their respective authorized representatives) at a notary office, and the respective contract itself is executed in writing, with signatures certified by a notary public (and not in the form of a notary deed). The company deed/articles of association may be modified before or after signing the sale agreement so that the wording of the former is satisfactory to the buyer of shares (such change must be executed through a notary deed). As soon as the necessary changes are made, they must be notified to the registry of entrepreneurs of the National Court Register, and in certain cases to the Central Statistical Office and the Tax Office - this requires filling in the relevant forms and attaching appropriate documents to confirm the changes thus made. Waiting time for registration of such modifications is slightly shorter than in the case of company registration (approximately 2-3 weeks), and the option has a definite advantage of the company having all the requisite identification numbers immediately after acquisition.

Legal, accounting and audit requirements for running business operations

Legal requirements

In order to operate properly, each company must meet a number of legal requirements. This section presents the key issues which must be taken into consideration while running a business in the territory of Poland as a commercial company.

Each commercial company must be registered in the registry of entrepreneurs of the National Court Register (Polish abbreviation: KRS)

The National Court Register is open to the public, and anyone may apply for an excerpt from the National Court Register concerning any entity registered therein. An excerpt from the National Court Register serves the purpose of identifying the company and official verification of its current data. Therefore, an excerpt remains valid for approximately 1-3 months (no statutory validity periods are prescribed, and the choice is up to the discretion of the interested party).

Below is a brief presentation of other legal requirements relating to operation of an enterprise in the form of a commercial company in Poland:

- agreements between the company and a management board member must be signed by the supervisory board or a proxy acting on behalf of the company;
- in single-shareholder companies where the sole shareholder is also the sole member of the management board, each legal transaction between such shareholder and the company must be executed as a notary deed,
- any amendments of the company deed (articles of association), such as change of the registered seat of the company (town/city), corporate name of the company, objects of activity, etc. must be effected through a notary deed,
- transaction of sale of shares in a limited liability company must be executed in writing, with signatures certified by a notary in order to be valid, i.e. it requires the presence of the seller and the buyer (or their respective authorized proxies) at the notary's office,
- change of corporate address of the company (within the same town/city) does not need to be effected as a notary deed - it only requires a new contract of lease, rental or other contract, or deed of property purchase, with a resolution of the management board,
- change in composition of the management board does not need to be executed as a notary deed - a written form is sufficient;
- in case of a sole-shareholder limited liability company, the sole shareholder who is a natural person must pay his own social security contributions to the Social Security Agency (Polish: Zakład Ubezpieczeń Społecznych, ZUS), like in case of a person running their own business on a sole proprietorship basis. If at least two entities appear as shareholders, payment of social security contributions is not mandatory;
- all company information must be disclosed in the National Court Register, and therefore all changes in the company should be notified to the Register within 7 days of occurrence; notifications are filed on official forms, and any change of an entry in the National Court Register is subject to a relevant procedure fee;
- where the Act requires a resolution of shareholders or the general meeting, or the supervisory board for the company to perform an act in law, then an act in law performed without the required resolution shall be null and void.

Accounting requirements

Each entrepreneur is required to keep the prescribed accounting books and records, and full accounting is required of commercial companies, branches and representative offices of foreign entrepreneurs, and certain commercial partnerships (limited partnership, and limited joint-stock

partnership), according to the provisions of the Polish Accounting Act. Natural persons, civil law partnerships and registered partnerships of natural persons, as well as professional partnerships must only maintain simplified accounts unless the volume of their business activities reaches a significant level, i.e. their net incomes from sales of merchandise, products and financial operations for the preceding financial year amount to at least the PLN equivalent of EUR 1,200,000 (in which case, they are also required to keep full accounts of their operations). The above requirement shall not apply to foreign citizens who are always under an obligation to keep full accounting books and records. Each entrepreneur must retain the original accounting documents of the company, on which basis entries were made to the ledgers, along with the ledgers, for a period of five years of the beginning of the year following the financial year concerned by the given accounts. Approved annual financial statements must be retained permanently.

Each entity keeping its books on a full accounting basis must prepare annual financial statements for each consecutive financial year, and if a company commences operations during the second half of year adopted as the financial year, it may combine its books of accounts and financial statements for that period with the books and financial statements for the subsequent year (combined accounting year). The financial statements should be composed of the following elements:

- balance sheet,
- income statement,
- additional information, including:
 - introduction to the financial statements, and
 - additional notes and explanations.

Moreover, financial statements of joint-stock companies and other entities subject to mandatory audit by a chartered accountant must incorporate the following additional components:

- cash flow statement,
- statement of changes in shareholders' equity (fund).

Annual financial statements of the company for the preceding year should be executed and signed by the entire management board of the company not later than 3 months of the end of the concerned financial year. If the financial year is equivalent to the calendar year, this should take place until March 31 at the latest. Afterwards, the financial statements should be approved by the general meeting of shareholders within 6 months of the balance date. After approval, the financial statements shall be submitted to the registration court (National Court Register) and the tax office.

Audit requirements

According to the Accounting Act, financial statements of the following entities are subject to mandatory audit:

- consolidated annual financial statements of groups of companies, banks, insurance

- companies, and reinsurance companies;
- annual financial statements of entities operating under securities trade laws and regulations, laws applicable to investment funds, and laws and regulations applicable to pension funds organization and functioning;
- annual financial statements of joint-stock companies (with the exception of joint-stock companies in the process of organization),
- annual financial statements of other companies which fulfilled at least two of the following criteria in the previous financial year for which the financial statements were prepared:
 - average annual employment in terms of FTEs was at least 50 employees,
 - total assets in the balance sheet as at the end of the financial year constituted the PLN equivalent of at least EUR 2,500,000,
 - net incomes from sales of goods and products and from financial operations for the financial year constituted the PLN equivalent of at least EUR 5,000,000;
- annual financial statements of merging companies and newly formed companies, executed for the financial year of merger;
- annual financial statements of companies, prepared according to the International Accounting Standards (IAS);
- annual combined financial statements of investment funds with distinguished sub-funds, as well as annual separate statements of sub-funds.

In addition, every business entity may hire a chartered accountant to carry out an audit of its financial statements or review of its accounting books whenever this is deemed necessary by the entrepreneur.

Opening a branch office of a foreign entrepreneur in Poland

Requirements for formation

Opening a branch may involve lower costs than formation of a new subsidiary company. However, existing legislation prescribes a limitation in the form of a mutuality principle, meaning that a foreign entrepreneur is allowed to open a branch office in Poland only if the legislation of his mother country allows a Polish entrepreneur to do the same there. The above limitation does not apply to entrepreneurs originating from EU Member States, EEA States, and other States having signed relevant agreements to that effect with the European Community.

A branch may be established provided that its formation is in conformity with the legislation of the State of incorporation of the foreign entrepreneur. The foreign entrepreneur must specify in its respective resolution/decision the person authorized to represent him at the branch office; this person must have a regular address in the territory of Poland. The entrepreneur is further obliged to specify the objects of the branch activity, which may not exceed beyond the scope of business activities of the foreign entrepreneur (can be identical or slightly narrower).

Operating requirements

A foreign entrepreneur is allowed to commence operations at the branch only after successful registration of the branch in the registry of entrepreneurs of the National Court Register.

Formation and registration of a branch in the National Court Register

A foreign entrepreneur's branch is formed as soon as it is established by the entrepreneur in accordance with the laws of his country of incorporation (foreign laws), through enactment of a resolution or decision of the competent body authorized to act on behalf of the entrepreneur, in such form as prescribed by foreign laws. Under the aforementioned resolution/decision, the branch is entered in the registry of entrepreneurs of the National Court Register through notification on special forms, against payment of the same fee as that applicable to commercial companies. Apart from submission of the relevant application, the entrepreneur concerned must:

- give the full name and address in Poland of the person authorized at the branch office to represent the foreign entrepreneur;
- enclose a specimen signature of the person mentioned above, certified by a notary;
- present the foreign entrepreneur's founding act, deed or articles of association (if any), together with a certified translation into Polish;
- submit an excerpt from the registry where the foreign entrepreneur is recorded (if any), together with a certified translation into Polish.

Like in the case of registration of commercial companies, waiting time for registration in the National Court Register is approximately 3-4 weeks, and the entire registration procedure including obtaining a tax identification number NIP and a statistical number REGON should take about 2 months.

Obtaining an entry in the Registry of the National Economy and assignment of a tax identification number by the Tax Office

Like in the case of commercial companies, two additional registration applications must be submitted together with the application for entry in the registry of entrepreneurs of the National Court Register: an application for registration in the national official registry of entities of the national economy (REGON), and taxable person's or taxpayer's identification report to the tax office (NIP-2 form). Other possible attachments are: notification of payer of contributions within the meaning of the laws on the social security system if certain additional criteria requiring such submission occur. Through application of "one-stop-shop procedure", the court is obliged to forward the above specified applications to the competent offices. In the course of further registration procedure, as soon as the company is registered in the National Court Register, a foreign entrepreneur's branch receives a REGON number (for statistical purposes), a tax identification number NIP and a EU VAT number (for tax purposes).

Closing business operations in Poland

Closing the business without winding-up proceedings - natural persons

Natural persons running their individual business activities on a sole proprietorship basis under an entry to the registry of economic activities may close their operations at any time, without necessary formal winding-up procedure.

Winding-up procedure according to the Polish Code of Commercial Partnerships and Companies

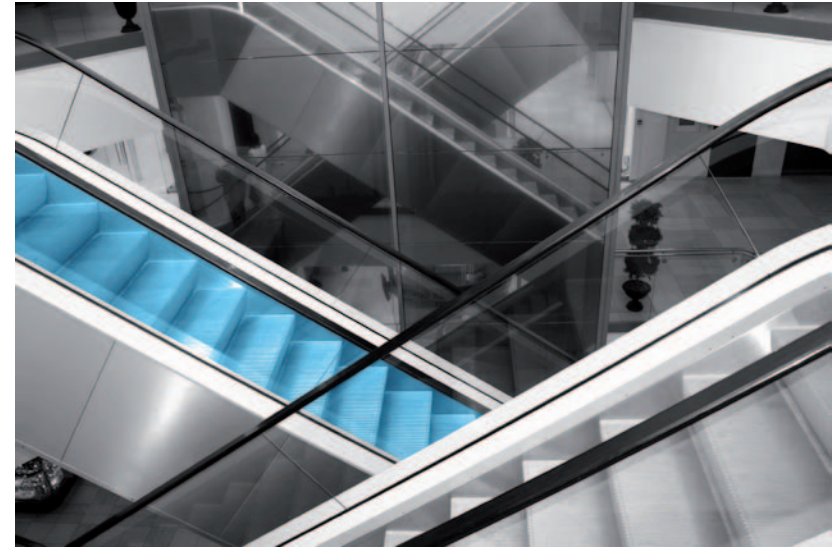
The procedure of winding-up (liquidation) of a company is a formalized process consisting of several stages, leading to effective closing of the operations of the company, which then ceases to exist. This procedure can be conducted effectively only if the entrepreneur has sufficient funds for closing the company's business, including satisfying or securing the rights of creditors and shareholders of the company. Dissolution of the company takes effect only on the completion of liquidation, as of removal of the company from the register. Liquidation is conducted under the company's current corporate name with an additional designation "in liquidation". During the winding-up procedure, the company retains its legal personality. Pending liquidation, profits shall not be paid out to shareholders, even partly, nor shall assets of the company be divided before all obligations of the company have been paid off. The opening of liquidation procedure shall cause the procuration (special power of attorney) to expire. During the period of liquidation, procuration shall not be granted.

Bankruptcy according to the Act - Bankruptcy and Rehabilitation Law

Bankruptcy is another way of closing an entrepreneur's operations in Poland. Bankruptcy is only pronounced with respect to a debtor (entrepreneur) who has become insolvent, where "insolvent" means that the debtor/entrepreneur:

- fails to fulfill his outstanding payment obligations;
- for legal persons or organizational units without a legal personality - if the value of his liabilities exceed the value of his assets, even if he manages to repay his debts on a regular basis.

It should be borne in mind, however, that the court shall reject an application for pronouncement of bankruptcy if the estate of an insolvent debtor is not sufficient even to cover the costs of bankruptcy proceedings. Therefore, a company that does not have any assets but has numerous liabilities is not allowed to close its operations according to Polish laws. Bankruptcy proceedings may be conducted with the possibility of entering into composition arrangement with creditors, or as bankruptcy proceedings involving liquidation of the debtor's assets.



Reporting duties towards National Bank of Poland

A number of obligations exist in Poland with regard to submission of reports to the National Bank of Poland (NBP). These requirements apply to entities having their registered seats in Poland, and Polish branches of foreign companies engaged in foreign-exchange turnover with other countries, or having their assets/liabilities expressed in foreign currencies.

Under foreign exchange laws, the following entities have an obligation to submit reports to the National Bank of Poland:

- all investment companies - they must submit their monthly reports until the 20th day of the end of the month concerned;
- other entities (natural persons running a business activity, and legal persons) if the combined value of their assets and liabilities in foreign currencies is the equivalent of:
 - ✓ at least 300 million PLN - they must send monthly reports submitted until the 20th day of the end of the month concerned;
 - ✓ over 10 million PLN - they must send quarterly reports submitted until the 20th day of the end of the quarter concerned.

Even if the above specified thresholds are not exceeded, if the value of receivables and payables related to foreign trade is **at least 3 million PLN**, a separate report must be submitted to the National Bank of Poland in this respect, not later than on the 20th day of the end of the quarter concerned.



Taxation

Tax system in Poland:

The Polish tax system comprises the following taxes:

- Corporate income tax (CIT),
- Personal income tax (PIT),
- "Tax on goods and services" (Value-Added Tax, VAT),
- Excise tax,
- Tax on civil law transactions,
- Local taxes and levies,
- Tax on gambling.

Corporate income tax (CIT)

Taxable entities

Entities taxable with corporate income tax include: commercial companies; groups of companies recognized for tax purposes; and organizational units not having a legal personality, with the exception of commercial partnerships. The provisions of the Corporate Income Tax Act apply accordingly to undertakings not having a legal personality whose management or registered seat is established in a different State if they are recognized as legal persons under the tax laws

of the State of registration.

Main principles

Taxable persons having their registered seat or management in Poland are taxed with respect to all their earnings. Taxable persons without an established registered seat or management in the territory of Poland are only subject to taxation on incomes earned in Poland.

By principle, taxable base is the income earned (revenue less deductible costs) after applicable deductions enumerated in the Act (certain types of donations and investments in new technologies). In certain precisely defined circumstances, taxable base is the revenue (including royalties and interest incomes earned by foreign entities, as well as dividends).

Corporate income tax rate is 19%.

Taxable person may carry forward the tax loss incurred in the preceding fiscal years. Not more than 50% of loss of the respective year may be settled in any one fiscal year, and the maximum period of utilizing such tax loss is 5 fiscal years (however, losses generated during more than one preceding year can be settled simultaneously in any given fiscal year).

During the fiscal year, the taxable person must pay monthly advances for tax in the amount of the difference between output tax on incomes earned as of the beginning of the fiscal year and the sum of advances due for the preceding months. Advances must be paid not later than on the 20th day of each month for the preceding month. An exception to the above rule is the advance for the last month of the fiscal year, which is paid in the amount of the advance for the preceding month, not later than the 20th day of the last month of the fiscal year. Some taxable persons have an option to pay the advances quarterly or on simplified terms (advances in equal amounts, defined on the basis of tax paid for the preceding years). Moreover, not later than until the end of the third month of the year following the end of the financial year concerned, the taxable person must file an annual tax return.

Revenues and deductible costs

Taxable revenues are revenues due and payable, even if they are not yet actually received by the entitled party.

Deductible costs (costs of income) are costs incurred for the purpose of earning revenues, maintaining or securing a source of revenues, except for costs expressly enumerated in applicable legislation. The following items belong to the most important exclusions:

- costs of representation (e.g. dinners with customers, gifts for customers, etc.);
- receivables written down (without fulfilment of additional requirements envisaged by the Act);
- fines and penalties adjudicated in court proceedings and with regard to violation of health

- & safety at work regulations or environmental regulations;
- part of interest charge on loans granted to a company by a shareholder (so-called thin capitalization regulations - details below);
- part of depreciation write-downs on passenger cars with initial value exceeding EUR 20,000.

Depreciation/amortization of property, plant & equipment and of intangible assets constitutes a prominent item of costs. By principle, depreciation should be written down equally, as per the applicable rates prescribed by the Act. However, numerous deviations exist from this rule - multiple options are envisaged by applicable Polish laws and regulations which facilitate depreciation/amortization settlements (faster than on standard terms). Among most interesting reliefs, there is the option of non-recurrent depreciation write-down. This involves immediate recognition of amounts spent on purchase of certain types of tangible fixed assets as tax deductible costs, up to the amount of EUR 100,000 per year (this limit will be reduced to EUR 50,000 as of 2011). This method is available for certain groups of entities only:

- taxable persons commencing their business activities in the first year of operation;
- small taxable persons (whose turnovers during the previous fiscal year did not exceed EUR 1,200,000).

International aspects of corporate income taxation

Dividends

By principle, revenues earned from dividend payments are subject to 19% tax. Tax is charged by the entity paying the dividend ("withholding tax").

Exceptional treatment is prescribed for dividends paid by Polish subsidiaries to parent companies from the EU, EEA, or Switzerland. As a result of implementation of the provisions of Parent - Subsidiary Directive No. 90/435/EEC to the relevant Polish Act of law, these revenues are exempted from tax if all of the following criteria are fulfilled:

- payment is made to a direct holder of at least 10% shares of the payer company (25% in case of a Swiss shareholder);
- these shares have remained or will remain with the shareholder for an uninterrupted period of at least two years,
- the shareholder has his registered seat in one of EU or EEA Member States, or in Switzerland.

In addition, in case of payment of dividends to a foreign entity, tax rates prescribed in the relevant agreement on avoidance of double taxation can be used. It should be remembered, however, that in order to be allowed to apply these regulations, the entity must have a certificate issued by foreign tax authorities, confirming that the entity is covered by unlimited tax obligation in the respective State (so-called certificate of residence).

Interest and royalties

By principle, interest and royalties paid to foreign taxable persons are subject to 20% tax. Tax is charged by the entity paying the dividend ("withholding tax").

However, it should be mentioned that as of 2004, regulations of the Council Directive 2003/49/EC of June 3, 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States have been implemented to the Polish Act of law. Under these provisions, interest and royalties is subject to 5% preference rate (as of July 1, 2013 - exemption), provided that all of the following criteria are fulfilled:

- the entity generating the given revenue is a company subject to taxation on all its revenues in another EU Member State (or EEA State, or Switzerland);
- the entity generating the revenue holds directly at least 25% shares in the payer company, or at least 25% in equity of the payer company and in the company receiving interest;
- these shares have remained or will remain with the shareholder for an uninterrupted period of at least two years.

In addition, in case of payment of interest or royalties to a foreign entity, tax rates prescribed in the relevant agreement on avoidance of double taxation can be used (details are presented below). However, it must be borne in mind that these regulations apply only on the condition of having the so-called certificate of residence issued for the entity generating the revenues. This certificate is issued by local tax authorities to confirm that the given entity is a resident of the State concerned for tax purposes.

Establishment

An establishment is a fixed place of business through which the business of a company is wholly or partly carried on. The definition of an establishment includes in particular: a seat of management; a subsidiary undertaking; an office; a factory; a workshop; a department.

If a foreign enterprise exercises its business activity in Poland through an establishment situated here, then earnings to be assigned to such establishment must be such that the establishment could have gained had it been carrying out identical or similar activities in the same or similar conditions as an independent enterprise and had it been entirely independent in its relationships with the main enterprise. Revenues of an establishment of a foreign enterprise (e.g. a department), if the establishment is situated in Poland, are subject to Polish income tax on the same terms as those applicable to Polish taxable persons.

Transfer prices

Affiliated companies transacting with each other must prepare documentation of prices applied in these transactions (transfer prices). This obligation exists if the value of sales generated between affiliates exceed one of the following thresholds in a given fiscal year:

- EUR 100,000 if the transaction value does not exceed 20% of the share capital;

- EUR 30,000 in the case of provision of services, sale or transfer of intangible assets;
- EUR 50,000 in all other cases;
- EUR 20,000 in case of transacting with states applying harmful tax competition.

Affiliates are identified where at least one of the following conditions applies:

- one entity exercises direct or indirect management over another, or holds at least 5% share in another entity's equity,
- the same entity participates in management of both entities, or holds at least 5% share in the equity of each,
- family relationships exist between the managing persons of the particular entities.

Therefore, if the value of transactions between affiliates exceeds the aforementioned limits, then the obligation to prepare transfer pricing documentation occurs. The most important part of such documentation is the estimation of revenues earned from the transaction concerned, using one of the following methods:

- comparable uncontrolled price,
- resale price,
- cost plus,
- transactional net margin.

In the event of tax inspection, the tax authority is entitled to require the taxable person to present appropriate documentation within 7 days of notifying the demand. Otherwise, the tax authority shall commence estimating the earnings from the given transaction according to arm's length principle. The difference between revenues declared by the taxable person and revenues determined by the tax authority is subject to 50% tax rate. It should be mentioned that failure to present the applicable documentation will render the person in charge of keeping the accounting books liable under the Fiscal Penal Code.

Advance Pricing Arrangements

Advance pricing arrangements (APA) are formal arrangements between taxable person(s) and tax authorities in respect of application of agreed transaction pricing methodology. Such arrangements may comprise future and past transactions accordingly. The procedure protects the entity from the risk of questioning conformity of a transaction between affiliates with arm's length principle.

It should be noted that the periods prescribed for issuance of decisions on such matters (6 to 18 month, depending on the type of arrangement) constitute a significant limitation of practical applicability of this instrument. Relatively high costs of obtaining such arrangements should also qualify among disadvantages arising from advance pricing arrangements regulations. The fee charged on an application concerning such arrangement may range from 5 thousand to as much as 200 thousand PLN, depending on the volume of envisaged transactions and type of

arrangement executed.

Insufficient capitalization

If a loan agreement is entered into between a company and its significant shareholders, the laws and regulations concerning so-called "thin capitalization" should be taken into consideration, whereunder interest charge on the amount of debt exceeding three times the initial capital of the company (borrower) is excluded from deductible costs. Significant shareholders are entities holding at least 25% shares in the initial capital of the company.

Personal income tax (PIT)

Taxable persons

The Act sets out the rules of taxation of natural persons with income tax. This tax applies accordingly to revenues earned by natural persons from economic activities carried out in the form of partnerships (in the role of partners).

Object of taxation

The object of taxation is the income (revenue less deductible costs). Income taxation scheme depends on the source of revenue.

Incomes from economic activities

Incomes from economic activities can be taxed according to general rules (as per the so-called tax scale), at a flat rate, or on a lump sum basis.

By principle, incomes from economic activities are taxed according to tax scale (18% for incomes totalling less than PLN 85,528 per year, or 32% for incomes beyond that threshold).

The taxable person may choose to be taxed at a 19% flat rate. If he decides to choose this taxation scheme, he will not be able to take advantage of certain tax reliefs (such as joint taxation with spouse). Incomes subject to this taxation scheme is not combined with incomes from other sources taxable on general terms.

Whatever the taxation scheme, during the fiscal year the taxable person must pay monthly advances for tax in the amount of the difference between output tax on incomes earned as of the beginning of the fiscal year and the sum of advances due for the preceding months. Advances must be paid not later than on the 20th day of each month for the preceding month. An exception to this rule is the advance for December, which is paid in the amount of advance for November, not later than December 20. In addition, the taxpayer must file an annual tax return, not later than until April 30 of the following year.

Lump sum taxation on registered incomes is a scheme designated primarily for smaller entrepreneurs. This form of taxation can be used only if the amount of revenues from economic

activities during the past fiscal year did not exceed EUR 150,000. There are also multiple types of activities which cannot be taxed under this scheme. When this method is applied, taxation is based on revenue. There are five rates of tax (20%; 17%; 8.5%; 5.5%; 3%) which should apply depending on the amount of revenue and type of activity.

Incomes from employment contracts, business activities carried out in person (including remuneration of management board and supervisory board members, management contracts) are subject to tax scale taxation. An entity making such payments to a natural person charges an advance for personal income tax. Taxpayers must file annual tax returns, not later than April 30 of the year following the fiscal year concerned.

Taxation of incomes from sales of securities and interest incomes

Incomes from sales of securities are subject to 19% tax rate. The same tax rate (19%) applies to interest incomes earned by residents.

International aspects of personal income taxation

Taxation of dividends

Dividend revenues generated by non-residents are subject to 19% taxation. However, if the payer of dividend holds a certificate of residence of the entity generating income, then the rates arising from relevant agreements on avoidance of double taxation should apply. Tax is charged by the entity paying the dividend.

Taxation of interest and royalties

Interest and royalty revenues generated by non-residents are subject to taxation at a 20% tax rate. However, if the payer of interest or royalties holds a certificate of residence of the entity generating income, then the rates arising from relevant agreements on avoidance of double taxation should apply. Tax is charged by the entity paying the dividend.

Double-taxation agreements

Poland has entered into a number of international agreements on avoidance of double taxation.

Convention State	Dividends	Interests	Royalties	Convention State	Dividends	Interests	Royalties
Albania	5% / 10%	10%	5%	Lithuania	5% / 15%	10%	10%
Algeria	5% / 15%	10%	10%	Luxembourg	5% / 15%	10%	10%
Armenia	10%	5%	10%	Macedonia	5% / 15%	10%	10%
Australia	15%	10%	10%	Malaysia	0%	0% / 15%	0% / 15%
Austria	5% / 15%	5%	5%	Malta	5% / 15%	10%	10%
Azerbaijan	10%	10%	10%	Marocco	7% / 15%	10%	10%
Bangladesh	10% / 15%	10%	10%	Mexico	5% / 15%	5% / 15%	10%
Belarus	10% / 15%	10%	20%	Moldova	5% / 15%	10%	10%

Convention State	Dividends	Interests	Royalties	Convention State	Dividends	Interests	Royalties
Belgium	5% / 15%	5%	5%	Mongolia	10%	10%	5%
Bosnia and Herzegovina	5% / 15%	10%	10%	Montenegro	5% / 15%	10%	10%
Bulgaria	10%	10%	5%	New Zealand	15%	10%	10%
Czech Republic	5% / 10%	10%	5%	Nigeria	10%	10%	10%
Chile	5% / 15%	15%	5% / 15%	Norway	5% / 15%	0%	0% / 10%
China	10%	10%	10%	Pakistan	0% / 19%	20%	15% / 20%
Croatia	5% / 15%	10%	10%	Philippines	10% / 15%	10%	15%
Cyprus	10%	10%	5%	Portugal	10% / 15%	10%	10%
Denmark	0% / 15%	5%	5%	Qatar	5%	5%	5%
Egypt	12%	12%	12%	Romania	5% / 15%	10%	10%
Estonia	5% / 15%	10%	10%	RPA	5% / 15%	10%	10%
Finland	5% / 15%	0%	10%	Russia	10%	10%	10%
France	5% / 15%	0%	0% / 10%	Serbia	5% / 15%	10%	10%
Georgia	10%	8%	8%	Singapore	10%	10%	10%
Germany	5% / 15%	5%	5%	Slovakia	5% / 10%	10%	5%
Greece	19%	10%	10%	Slovenia	5% / 15%	10%	10%
Hungary	10%	10%	10%	Spain	5% / 15%	0%	10%
Iceland	5% / 15%	10%	10%	Sri Lanka	15%	10%	10%
India	15%	15%	20%	Switzerland	5% / 15%	10%	10%
Indonesia	10% / 15%	10%	15%	Sweden	5% / 15%	0%	5%
Iran	7%	10%	10%	Syria	10%	10%	18%
Ireland	0% / 15%	10%	10%	Tajikistan	5% / 15%	10%	10%
Israel	5% / 10%	5%	5% / 10%	The Netherlands	5% / 15%	5%	5%
Italy	10%	10%	10%	Turkey	10% / 15%	10%	10%
Japan	10%	10%	10%	Ukraine	5% / 15%	10%	10%
Jordan	10%	10%	10%	United Arab Emirates	5%	5%	5%
Canada	15%	15%	10%	United Kingdom	0% / 10%	5%	5%
Kazakhstan	10% / 15%	10%	10%	Uruguay	15%	15%	15%
Kyrgyzstan	10%	10%	10%	USA	5% / 15%	0%	10%
South Korea	5% / 10%	10%	10%	Uzbekistan	5% / 15%	10%	10%
Kuwait	5%	5%	15%	Vietnam	10% / 15%	10%	10% / 15%
Latvia	5% / 15%	10%	10%	Zambia	10% / 15%	10%	10%
Lebanon	5%	5%	5%	Zimbabwe	10% / 15%	10%	10%

“Tax on goods and services” (Value-added tax, VAT)

To begin with, it must be mentioned that the Polish VAT laws and regulations are to a significant extent consistent with the rules of Directive No. 2006/112/EC.

VAT taxable persons

VAT taxable persons are entities carrying out business activities.

They are obliged to register for VAT purposes with the competent tax office.

In addition, an obligation to appoint a tax representative arises in case of taxable persons having their registered office outside the EU.

Registered VAT taxable persons must file tax declarations for monthly periods within the deadline of up to the 25th day of the month following the month concerned. There is an option of settling the respective accounts and filing the declarations for quarterly periods.

Taxable base and tax rates

Taxable base is the turnover (sales), or the entire amount of payment obtained from the customer. Five rates may be applied in Poland:

- 22% - basic rate,
- 7% - most groceries, newspapers, books, certain hygienic articles, hotel services, entertainment services, domestic passenger transport services;
- 3% - certain agricultural food produce, certain agricultural services;
- 0% - rate applied to intra-Community supply of goods and export of goods (exemption with the right to deduct),
- exempt rate - certain financial intermediation services, education services, residential space rental services, in certain cases - sales of real properties.

The Ministry of Finance plans to increase all of the abovementioned VAT rates by 1 percentage point for the years 2011 - 2013. In addition 3% tax rate shall not be applicable any more.

Input VAT deduction

To the extent to which the goods and services concerned are used in performance of taxable operations, the taxable person is entitled to deduct the amount of input tax from the amount of output tax. If the amount of input tax exceeds the output tax during the given settlement period, then the taxable person is entitled to a reduction of input tax for consecutive periods by the same difference, or to a refund of that difference to the taxable person's bank account.

There are however certain exceptions to the above general rule. The most significant exception is concerned with expenses on acquisition of passenger cars. In such case, the taxable person is only entitled to deduct 60% of input tax, however not more than PLN 6,000.

Furthermore, the Act enumerates those circumstances in which deduction of input tax is not acceptable. The most important exceptions include:

- import of services involving payment made to an entity having its registered seat in a State using harmful tax competition;
- acquisition of fuels, fuel oil and gas purchased for fuelling passenger cars;
- acquisition of accommodation and catering services.

Rules and deadlines for tax refunds

Tax is refunded to registered taxpayers within 60 days of relevant submission. In certain cases, tax authorities may extend this period to 180 days. Upon fulfilment of the requirements enumerated in the Act, tax refund can be received within 25 days.

Tax is returned to taxpayers who are not registered in Poland on different terms. Since January 1, 2010, the rules implemented through Council Directive 2008/9/EC of February 12, 2008, laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State. According to these new rules, the taxable person shall claim refund of tax paid abroad in the State in which he is established. Refund is made within four months of application submission. The ultimate deadline for applying for a tax refund is September 30 of the year following the year concerned.

Excise tax

Excise tax applies to excise goods and passenger cars. All excise goods are enumerated on a list enclosed to the Act of law as an Annex. The following shall be deemed to be the most important excise goods:

- energy-based products,
- electricity,
- alcoholic beverages,
- tobacco products.

Excise tax taxable person is the entity which carries out activities subject to excise tax, or with respect to which certain facts occurred that are subject to excise tax.

Tax on civil law transactions

Taxable transactions

The following transactions can be enumerated among the most important transactions subject to tax on civil law transactions:

- loan agreements;
- establishment or increase of equity in partnerships/companies;
- additional payments to equity in partnerships/companies;
- sale agreements (unless the seller is a VAT taxable person).

Key exemptions

An extensive list of transactions exempt from tax on civil law transactions is given in the Act on Tax on Civil Law Transactions, including the following major items:

- sale of movable property if the taxable base does not exceed PLN 1,000,
- a loan up to the amount of PLN 5,000,
- a loan granted to a commercial company by a shareholder,
- increase of equity if tax on capital contributions was charged on the amount of increase in another EU Member State.

Taxable base and tax rates

Taxable base in tax on civil law transactions is the value of the executed transaction (e.g. the sale price, the amount of equity increase, the loan amount).

The rates of tax on civil law transactions depends on the type of transaction. The following rates apply in respect of most commonly executed civil transactions:

- execution of a contract of sale of an item, a loan agreement: 2%;
- execution of a contract of sale of property rights (shares, stocks): 1%;
- execution or amendment of a company deed: 0.5%.

The taxable person obliged to pay the tax and to submit the appropriate declaration is usually the beneficiary of the given transaction (e.g. the buyer at a sale agreement; a company in which the capital is raised at an equity increase; a borrower).

Local taxes and levies

Property tax

The following properties are subject to property tax:

- Land;
- Buildings;
- Structures or parts thereof related to performance of economic activity.

The taxable amount shall be:

- for land - area;
- for buildings - usable area;
- for structures or parts thereof, related to carrying out economic activities - their value determined for tax purposes as of January 1 of the given year.

The rates are determined by the competent Commune councils, within the limits prescribed by

the Act. Maximum rates that may apply for 2010 are, for example:

- for land associated with conducting economic activities: PLN 0.77 per 1 sq. m of area,
- for buildings associated with conducting economic activities: PLN 20.51 per 1 sq. m of usable area.

Tax on means of transport

The following vehicles are subject to tax on means of transport:

- trucks with a maximum authorized weight exceeding 3.5 tonnes;
- road tractors and ballast tractors adapted for use in combination with a trailer or semitrailer, with a maximum authorized weight of a set of vehicles above 3.5 tons;
- trailers and semitrailers with a maximum authorized weight together with a powered vehicle above 7 tonnes;
- buses/coaches;
- there is no tax on passenger cars, no matter they are used by companies or natural persons.

The rates are determined by the competent Commune councils in this case as well, within the limits prescribed by the Act. Maximum rates that may apply for 2010 are, for example:

- for a truck with a maximum authorized weight above 3.5 tonnes up to 5.5 tonnes: PLN 729.28;
- for a truck with a maximum authorized weight above 5.5 tonnes up to and including 9 tonnes: PLN 1,216.64;

Tax on gambling

Tax on gambling applies to gaming machines, mutual bets, bingo games (numerical and prized), lotteries, video lotteries, etc. Taxable persons for gambling tax are entities engaged in organization of gambling.



Employment

Vocational activity of the population in Poland

According to current data concerning unemployment in Poland (as of March 2010), the unemployment rate is estimated as 12.9%. An increase in unemployment was registered during the past year. This is a consequence of the financial crisis and decreasing degrees of economic activities globally.

Unemployment would otherwise decrease rapidly during the preceding years when Poland was enjoying the advantages of high economic growth and opening of labour markets of EU Member States.

Legal regulations

Below is a presentation of legally available forms of employment occurring in the Polish economy.

Employment contract

An employment contract sets out the exact type of work, as well as the place and time of work. An employee hired under an employment contract has a limited degree of independence and performs his duties under the employer's supervision. As of 2010-01-01, the minimum acceptable monthly salary for an employee working under an employment contract is PLN 1,317 gross. This

amount is reduced on a prorated basis for employees hired part-time. Employees working under employment contracts are entitled to receive benefits which are not available in any other forms of employment, including paid vacation, remuneration for overtime work, sick leave (up to 33 days the cost of the employer), maternity leave, etc. 4 types of employment contracts can be distinguished:

- Contract for an unspecified term - this is the most advantageous type of contract for the employee. When terminating an agreement for an unspecified term, the employer must notify the employee of the reason of termination. The following notice periods apply to contracts for an unspecified term: 2 weeks if the employee has been working for less than 6 months; one month if the duration of employment exceeds 6 months; and 3 months if the employee has been employed for at least 3 years.
- Contract for a specified term - the parties are free to choose the duration of such contract. An employment contract for a specified term can only be terminated if it was entered into for a term exceeding 6 months and includes a termination clause allowing each party to terminate the contract with two weeks' notice or through mutual agreement, without notice in case of employee's or employer's default and in case the employer is being wound up or pronounced bankrupt. If an employment contract for a specified term was executed twice by the same parties, then the third such contract between these parties automatically becomes a contract for an unspecified term if not more than 30 days have passed from termination of the previous contract to execution of the third contract. Currently, in light of the provisions of anti-crisis legislation, an unlimited number of employment contracts for a specified term can be signed with the same employee, however the combined duration of these contracts cannot exceed 2 years, and the contract may be executed until the effective date of the Act of law, i.e. until 2011-12-31.
- Contract for the duration of performance of a specific job - typically executed for temporary and seasonal jobs. Such contract is terminated as of the date of completion of the job concerned. It may be terminated by mutual agreement or without notice.
- Contract for a trial period - may be signed for a period not exceeding 3 months, only once. Such contract can be terminated with notice, and the following notice periods shall apply: three working days for a trial period not exceeding two weeks; one week if the trial period exceeds 2 weeks; two weeks if the trial period is 3 months.
- Replacement contract - type of specified term contract. Employers may conclude such agreements to ensure replacement for the employee absent due to reasonable causes such as illness, parental leave, unpaid leave and others. In the replacement contract a specific deadline for termination of employment should be set. Termination of the contract may occur at any time - with the notice period of (3) three days and the parties do not have to indicate reasons for breaking the contract or by the end of the period for which the contract was concluded, and therefore upon the return to work of an absent permanent employee. The replacement contract, so as other contracts, can always be terminated by mutual agreement of parties.
- A special type of employment contract is a temporary work - also called employee leasing. This is an employment relationship between three entities: Employee, Employer and a

temporary work agency. The work in this system consists in the fact that the Employee is formally employed by a temporary work agency, and performs his or her duties in the employer's company. A temporary employee is an agency worker, regardless of the company he or she works for. It means that all administrative matters (including payment of salaries, paying of taxes, premiums for the social insurance institution (ZUS) etc.) are assumed by the temporary work agency.

Assignment contract

Under an assignment contract, the contractor/service provider agrees to perform specific activities for the employer. It should be emphasized that although the manner of executing the contract is agreed with the employer, the contractor is relatively free to choose the manner of proceeding with the job. In some cases, the contractor may independently decide to change the manner of performance so that such performance can be continued in accordance with the employer's intentions. With the significant degree of employee's independence, his agreement with the employer is relatively flexible, enabling the worker to effectively complete the tasks assigned to him.

Contract for a specific job

A contract for a specific job is concerned with completion of a precisely specified item or service (e.g. building a machine, development of a software application, preparation of a professional analysis). The employer and the contractor set out the final deliverables of the work in detail. However, the employer can exercise no control over the manner of proceeding with the assignment. The contractor's independence does not preclude effective cooperation with the employer. The final product of the work is covered by a defects warranty and therefore the risk related to the object of contract is borne by the contractor to a significant extent.

Self-employment (sole proprietor's business)

According to Polish laws, economic activity means a gainful activity carried out in a continuous and organized manner. Every person conducting his own business activity carries out the job in his own name and on his own behalf, and is therefore fully liable for the work executed thereby. If a person cooperating with an entrepreneur is self-employed (meaning that he is also an entrepreneur), the agreement executed between the parties guarantees the contractor's independence while obligating him to proceed in a professional manner during his performance. In this case, both parties are fully independent and the agreements between them may be set forth freely and without restrictions, provided that all applicable rules of the law are duly complied with.

Employment of foreigners

In order to start working in Poland, a foreigner must obtain a permit issued by a competent province governor for the registered seat of the employer. The above restriction does not apply to citizens of EU, EEA Member States, or States with which Poland has entered into an agreement concerning freedom of movement for persons. There are certain exceptions to this rule, namely:

- Transition periods may apply to citizens of the "old 15 Member States" which apply transition periods for Polish citizens.
- No job market access restrictions apply to citizens of States not imposing temporary job access restrictions otherwise than in the event of "such disruptions on the domestic job market that may cause a serious risk for the living standard or employment level in the given region or profession" (it is not allowed to impose such restrictions with respect to citizens of Cyprus or Malta).

Persons with a refugee status and holders of a settlement permit are also exempted from the obligation to obtain permission. In addition, citizens of Russia, Ukraine and Belarus may work in Poland without permission but only for 3 months during each 6-month period. They must also fulfill the requirement of having a visa and employer's statement of intent to employ them.

Management board members originating from outside EU and EEA Member States must obtain work permissions on such terms as those applicable to other employees if they are hired under an employment contract or a management contract.

Forms of employment for labor costs

The above descriptions may be helpful in choosing the form of employment proposed by the employer to employees. Labour costs must be mentioned here as a factor which has not yet been mentioned but which is also very important for the ultimate choice of form of employment. Apart from salary/wage paid directly to the employee, labour costs include taxes and contributions to social security benefits. The regulations defining their exact values differ for the particular forms of employment.

For a better comparability of employment costs, they are presented in the table below (specification of being obligatorily subject to insurance in each particular form of employment)

Form of employment	Type of premiums	Premiums Employee	Premiums Employer
Employment contract	social insurance	13,71%	18,48%
	health insurance	9,00%	0,00%
Assignment contract (premiums for social and health insurance)	social insurance	13,71%	18,48%
	social insurance without voluntary sickness premium	11,26%	18,48%
	health insurance	9,00%	0,00%
Assignment contract (only premium for health insurance)	health insurance	9,00%	0,00%

Form of employment	Type of premiums	Premiums Employee	Premiums Employer
Contract for a specific job	does not apply	0,00%	0,00%
Self-employment (sole proprietorship)	social insurance	32,09%	0,00%
	social insurance without voluntary sickness premium	29,64%	0,00%
	health insurance	9%	0,00%

Notes to the table:

- Due to the assignment contract the Contractor will not be subject to obligatory social insurance if he is also employed under employment contract, and achieves the minimum wage or is already subject to obligatory social insurance due to the assignment contract for another Contracting party. In such cases he or she will be only subject to obligatory health insurance. Students up to 26 years are also not subjects to obligatory insurance. Concluding the assignment contract with its own Employee results in his/her being subject to all insurances.
- Contract for a specific job is free from insurances except the contract concluded with its own Employee.
- A person conducting a sole proprietor's business may pay social insurance premiums on favorable terms, if they started a business for the first time and not earlier than on 25 August 2005 or if they did not conduct a business activity for at least 60 months before re-starting and they do not perform any activities for a former Employer.
- Premium for the sickness insurance in case of employees under mandatory contract and conducting sole proprietor's business (self-employment) is voluntary. Being subject to voluntary sickness insurance gives you the right to sickness benefit in case of a sickness, but this right is only obtained after 90 days of being subject to this insurance. In addition, a person conducting a sole proprietor's business has to pay social premiums within the statutory deadlines to receive a sickness benefit.

Social burdens include other types of premiums. Exact figures are shown in table below (types of social premiums in the Polish legislation).

Type of insurance	Employee	Employer
Premium for the pension insurance	9,76%	9,76%
Premium for the disability insurance	1,50%	4,50%
Premium for the sickness insurance	2,45%	0
Premium for the accident insurance	0,00%	1,67%

Premium for the Labour Fund	0	2,45%
Premium for the Guaranteed Employee Benefits Fund	0	0,10%
SUM	13,71%	18,48%

As mentioned above, in addition to the cost of premiums for the social insurance institution (ZUS) and salaries for employee or co-worker, for generated income the personal income tax should be paid. The current progressive tax scale is as follows:

Tax base (income)	Income tax
up to 85 528,00 PLN	18% minus 556,02 PLN (free amount)
over 85 528,00 PLN	32%

In the case of an employment contract, after exceeding the income threshold of 85 528.00 PLN, the employer collects a higher income tax withholding. A person conducting a sole proprietor's business calculates during the year his/her income tax according to the higher tax rate. A person conducting a sole proprietor's business can choose a linear tax rate of 19%, which is applied irrespectively to the income received. However, the former Employees cannot make use of it, wanting to execute services for the former Employer. For the other forms of employment during the year higher income tax withholdings are not collected, the tax adjustment shall be made only on an annual basis (in the annual settlement).

Choice of the form of employment

Most of the above suggested forms of employment are characterized by flexibility, which sometimes makes it effectively difficult to keep a valuable employee in the long term perspective, by offering a different form of employment than an employment contract. However, a contract for an unspecified term gradually ceases to be a synonym of safety, and the importance moves towards the desire to have many opportunities ensuring a constant supply of orders and salary, while a simultaneous sense of independence. Increasingly, the Employees choose the independent organization of work, which makes possible much better reconciliation of work with professional development and family life. The more independent, willing to risk employees could be offered a cooperation on the basis of sole proprietor's business, while concluding employment contracts with the others. To perform the service or work that appears rarely in the industry, the cooperation should be established on the basis of an assignment contract or a contract for a specific job. If the type of work would not qualify to conclude a civil law contract, a qualified employee should be hired using a temporary work agency services.



Accounting

Accounting regulations and standards

The primary Act of law, setting out the accounting rules and methodologies for companies established in Poland or having their management established in Poland, is the Accounting Act. Despite multiple amendments, the regulations of the Accounting Act are still significantly different from the IAS in many areas.

Under the Polish Accounting Act, if any given area is not regulated thereby, organizations are allowed to apply national accounting standards issued by the Accounting Standards Committee. Only if a relevant national standard is lacking, application of International Accounting Standards is allowed.

As at the balance date, each entity subject to the Accounting Act prepares full financial statements, with the exception of small and medium-sized enterprises (meeting the criteria specified in Article 50(2) of the Act) which are allowed to prepare simplified financial statements.

Adoption of IFRS in Poland

According to applicable Regulation of the European Union, if securities of Polish companies - issuers of securities were accepted for trade on regulated markets of EU Member States, then

such companies are covered by the obligation to apply IAS in preparation of consolidated financial statements, starting with the financial year beginning on January 1, 2005.

Moreover, on August 27, 2004 Sejm of the Republic of Poland exercised the option presented in Regulation (EC) No. 1602/2002 when approving the Act on Amending the Accounting Act and on Amending the Act on Chartered Accountants and Their Professional Self-Government, and introduced the following regulations:

- obligation to prepare consolidated financial statements according to IAS by banks, as of 2005;
- option of preparation of separate financial statements according to IAS by issuers of securities accepted to public trading on one of the EEA Member's regulated market, as of 2005;
- option of preparation of separate and consolidated financial statements according to IAS by issuers of securities applying for acceptance to public trading on one of the EEA Member's regulated market, as of 2005;
- option of preparation of separate financial statements according to IAS by group companies whose parent prepares its consolidated financial statements according to IAS, as of 2005;
- option of preparation of consolidated financial statements according to IAS by lower-level parent companies whose upper-level parent prepares its consolidated financial statements according to IAS, as of 2005;
- option of preparation of consolidated financial statements according to IAS by issuers of only debt securities accepted to public trading or trading on one of the EEA Member's regulated market, as of 2005, and obligation to prepare the same as of 2007.

The following rules were further introduced through subsequent amendments of applicable laws:

- option of preparation of separate and consolidated financial statements according to IAS by issuers of securities intending to apply for acceptance to public trading on one of the EEA Member's regulated market;
- option of preparation of financial statements according to IAS by branches of a foreign entrepreneur preparing his financial statements according to IAS, as of 2009.

Presentation of key differences between IFRS and the Polish balance sheet regulations

(See tables on pages 46-57)

1. Accounting Framework

Subject	IFRS	Polish legislation
Historical cost	Uses historical cost, but intangible assets, property plant and equipment (PPE) and investment property may be revaluated. Derivatives, biological assets and certain securities must be revaluated	Mostly identical to IFRS. Intangible fixed assets cannot be carried on the basis of revaluation model. Property, plant and equipment can be carried on the basis of the revaluation model only under separate legislation to that effect (Regulation of the Minister of Finance - the latest applicable regulation to that effect was issued in 1995). Biological assets not specified.

2. Financial statements

Subject	IFRS	Polish legislation
Components of financial statement	Two years financial statements, Income statement, Cash flow statements, Changes in equity and accounting policies and notes	Statement of changes in equity and cash flow statement required only for entities subject to mandatory audit. Additional information divided into introduction to the financial statements and additional notes with explanations.
Financial Statements	Does not prescribe a particular format; an entity Uses liquidity presentation of assets and liabilities, instead of a current/non-current presentation, only when a liquidity presentation provides more relevant and reliable information. Certain items must be presented on the face of the income statement	The Accounting Act prescribes a specific format of financial statements, which can be extended as required by the organization if this leads to more complete realization of the principle of fair and accurate presentation. Companies which did not achieve two of the following three values during the financial year of their financial statements and in the

Subject	IFRS	Polish legislation
		preceding financial year: average annual headcount not exceeding 50 FTEs; total assets in the balance sheet as at the end of the financial year in the Polish currency not exceeding EUR 2,000,000; net incomes from sales of products and goods and from finance operations in the Polish currency not exceeding the PLN equivalent of EUR 4,000,000 - are allowed to prepare their financial statements in simplified format, presenting the items from specimen financial statements, marked with letters and Roman numerals, and to prepare the additional information in a similarly simplified format.
Income statement	Does not prescribe a standard format, although expenditure must be presented in one of two formats (Function or nature). Certain items must be presented on the face of the income statement.	Under the Accounting Act, companies prepare their income statements by nature of expense or by function of expense. The layouts of both these variants are strictly defined by the Act. Unlike IFRS, the Accounting Act enumeratively identifies categories of extraordinary gains and losses.
Cash flow statements-format and method	Standing headings, but limited flexibility of contents. Use direct or indirect method.	Like IFRS, prepared with indirect and direct method. The format for both methods is strictly defined by the Act.
Changes in accounting policy	Reported Income statement in the current period.	No compulsory implementation of retrospective approach. Requirement to ensure comparability of financial statement data for the year preceding the financial year in which the accounting principles

Subject	IFRS	Polish legislation
		(policy) were modified - limited only to emphasizing the consequences of changes to the accounting policy in the additional information through presentation of reasons of amendments, defining their quantitative impact on the financial result, identification of comparable data to be included in the financial statements for the year preceding the financial year of change.
Correction of errors	Reported Income statement in the current period	Mandatory recognition of adjustment of errors in the accounting books of the financial year in which the errors were notified. If the misstatement was so gross that the financial statements incorporating these errors cannot be considered correct, the results of correction are carried to equity under deferred earnings
Changes in accounting estimates	Reported Income statement in the current period	No specific regulations in the Polish Accounting Act. The Act would only indicate the procedures applicable to recognition of changes in estimations only in certain specific regulations applicable to particular issues, e.g. adjustment in current incomes or costs generated under a construction contract as a consequence of reviewing the method of determining the degree of advancement of the service or verification of anticipated total. service costs and incomes is carried to the result of the period

Subject	IFRS	Polish legislation
		in which such review/verification was carried out

3. Consolidated financial statements

Subject	IFRS	Polish legislation
Definition of subsidiary	Based on voting control or power to govern. The existence of currently exercisable potential voting rights is also taken into consideration	According to IFRS, a subsidiary must be a commercial partnership or company, or an entity incorporated and operating under foreign commercial law (therefore, natural persons do not qualify as subsidiaries).
Special purposes entities	Consolidate where the substance of the relationship indicates control	No equivalent nomenclature exists; if the criteria of control are determined, then the entity will be subject to consolidation.
Non-consolidation of subsidiaries	Dissimilar activities or temporary control are not a justification for non-consolidation.	A subsidiary is not consolidated if: the shares of the subsidiary were purchased or acquired solely for resale within a period of one year, or if any limitations exist in exercising control. A subsidiary does not have to be consolidated if the financial data of that subsidiary is insignificant for presentation of the financial standing, assets and financial result of the entity in a fair and accurate manner. A parent is allowed not to prepare consolidated financial statements if the combined data of the parent and all subsidiaries at all levels (without consolidation exclusions) as at the balance date of the given financial year and as at the balance date of the year preceding the financial year meet at least two of the following criteria:

Subject	IFRS	Polish legislation
		combined average annual headcount was not more than 250 FTEs; aggregate balance total in the Polish currency did not exceed the equivalent of EUR 7,500,000; aggregate net incomes from sales of products, goods, and finance transactions in the Polish currency did not exceed the equivalent of EUR 15,000,000
Definition of associate	Based on significant influence; presumed if 20% interest or participation in entity' affairs	Consistent with IFRS

Subject	IFRS	Polish legislation
		performance is less than 6 months and a reliably determined degree of completion is not important. However, if the given contract is significant for a fair and accurate presentation of the situation of the company, then it is recommended to apply the provisions of the National Standard to all construction contracts which are not yet completed, whatever the duration of their execution.

4. Revenue recognition

Subject	IFRS	Polish legislation
Revenue recognition	Based on several criteria, which require the recognition of revenue when risks and rewards have been transferred and the revenue can be measured reliably. If dividends declared on the basis of net earnings of the period preceding acquisition of financial instruments correspond to refund of acquisition price of such financial instruments, they will not be recognized as finance incomes but deducted from the acquisition price	Income recognition point is not defined. In practice, income is recognized according to tax rules where the date of occurrence of income is the date of delivery of an item, sale of property right, or provision of service, however not later than the invoice date. Amounts collected on behalf of third parties, such as excise tax, qualify as incomes as well. If the amount of dividend can be assumed to correspond to reimbursement of a part of acquisition price paid, then dividend qualifies as finance income
Construction contracts	Accounted for using the percentage of completion method. Completed contract method prohibited.	Application of any specific solutions identified for construction contracts is not mandatory if: duration of service

5. Expense recognition

Subject	IFRS	Polish legislation
Interest expense	Recognised on an accrual basis. Effective yield method used to amortise non-cash finance charges.	Consistent with IFRS
Employee benefits: pension costs-defined benefit plans	Use projected unit credit method to determine benefit obligation.	No indication of a precisely defined method for calculating the amount.
Employee share compensation	Recognise expense for services acquired. The corresponding amount will be recorded either as a liability or as an increase in equity, depending on whether the transaction is determined to be cash- or equity-settled. The amount to be recorded is measured at the fair value of the shares or share options granted measured at the fair value of the shares or share options granted.	No equivalent regulations

6. Assets

Subject	IFRS	Polish legislation
Acquired intangible Assets	Capitalise if recognition criteria are met; intangible assets must be amortised over useful life. Intangibles assigned an indefinite useful life must not be amortised but reviewed annually for impairment. Revaluations are permitted in rare circumstances.	The Accounting Act requires intangible assets to be measured at cost less any accumulated impairment - application of revaluation model is not allowed. It is not allowed to assume that the life of an intangible asset is indefinite.
Internally generated intangible assets	Expense research costs as incurred. Capitalise and amortise development costs only if stringent criteria are met.	Mostly identical to IFRS. However, only completed development works can be recognized as assets. The same is not allowed for development work in process. The Accounting Act introduces a maximum period of amortization of 5 years.
Property, plant and equipment	Use historical cost or revalued amounts. Regular valuations of entire classes of assets are required when revaluation option is chosen.	According to the Accounting Act, property, plant & equipment can be carried at fair value to revaluation capital only in the case of statutory revaluation. For property, plant and equipment items with low unit values, the Accounting Act allows to determine depreciation or amortization write-downs in a simplified manner, i.e. through collectively writing down groups of assets similar in terms of type or designation, or through a non-recurrent write-down of the value of this type of assets.
Borrowing costs	Borrowing costs may include only this part of foreign exchange differences which are considered as adjustment of interest expense, and only that part of foreign	According to the Accounting Act, it is mandatory to activate all foreign exchange differences relating to costs of handling debt incurred in relation to financing

Subject	IFRS	Polish legislation
	exchange differences will be activated accordingly	property, plant & equipment purchases, less any incomes generated in this respect.
Leases classification	A lease is a finance lease if substantially all risks and rewards of ownership are transferred. Substance rather than form is important.	The criteria of risk and benefit transfer is not introduced as a basis for classification. The Act specifies certain precise prerequisites, and a contract is classified as finance lease as soon as at least one of these prerequisites is fulfilled. In addition, those companies or partnerships which are not under statutory audit obligation do not have to apply the finance lease provisions of the Accounting Act.
Inventories	Carry at lower of cost and net realisable value. Use FIFO or weighted average method to determine cost. LIFO prohibited. Reversal is required for subsequent increase in value of previous write-downs.	Consistent with IFRS in most part. However, the Act accepts the option of valuating expenditures according to LIFO method.
Financial assets- measurement	Depends on classification of investment- if held to maturity or loan or receivable, then Carry at amortised cost, otherwise at fair value. Unrealised gains/losses on fair value through profit and loss classification (including trading securities) recognized in the income statement and on available-for-sale investment recognized in equity.	Consistent with IFRS. However, in case of financial assets available for sale, the Regulation offers an option to choose whether revaluation to fair value will be effected through the financial result, or revaluation capital.
Derecognition of financial assets	Derecognise financial assets based on risks and reward first, control is secondary	Control is the decisive criteria. The Regulation sets forth the exact circumstances in which loss of control is recognized.

7. Liabilities

Subject	IFRS	Polish legislation
Provisions - general	Record the Provisions relating to present obligation from past events if outflow of resources is probable and can be reliably estimated	Consistent with IFRS
Provisions - restructuring	Recognise restructuring provisions if detailed formal plan announced or implementation effectively begun	Consistent with IFRS. However, according to National Accounting Standard 4, statutory restructuring increases extraordinary losses and contractual restructuring is carried to other operating expenses.
Deferred income taxes - general approach	Use full provision method (some exceptions) driven by financial statements temporary differences. Recognise deferred tax assets if recovery is probable.	The approach is consistent with IFRS. However, if the annual financial statements of the company or partnership are not subject to mandatory audit, the company/partnership may resign from determination of deferred income tax assets and provisions.
Deferred income taxes - main exceptions	No temporary differences on non deductible goodwill and initial recognition of assets and liabilities that do not impact on accounting or taxable profit.	Consistent with IFRS
Leases - lessee accounting	Record finance leases as asset and obligation for future rentals depreciate over useful life of assets. Apportion rental payment to give constant interest rate on outstanding obligation. Charge operating lease rentals on straight-line basis.	Consistent with IFRS
Leases- lessee accounting sale and leaseback transactions	For a finance lease, defer and amortise profit arising on sale and finance leaseback. If an operating lease arises, profit	Consistent with IFRS, except for recognition of returnable operating leases. According to National Accounting Standard 5,

Subject	IFRS	Polish legislation
	recognition depends on sale proceeds compared to fair value of the asset. Consider substance/linkage of the transactions.	if a loss incurred on sale is compensated with future lease charges and the transaction was closed on the basis of market value, then the occurring losses are carried forward. Similarly, any sales profits occurring in the event of fulfilment of the above conditions, it will be carried forward as well.

8. Equity instruments

Subject	IFRS	Polish legislation
Capital Instruments - purchase of own shares	Show as deduction from equity	Consistent with IFRS

9. Derivatives and hedging

Subject	IFRS	Polish legislation
Derivatives and other financial instruments- measurement of financial instruments and hedging activities	Measure derivatives and hedge instruments at fair value; recognize changes in fair value in income statement except for effective cash flow hedges, where the changes are deferred in equity until effect of the underlying transaction is recognized in the income statement. Gain/losses from hedge instruments that are used to hedge forecast transaction may be included in cost of non-financial asset/liability (basis adjustment)	Identical to IFRS in most part. The difference occurs in hedging of cash flows: if a future liability which is verified as probable or a hedged scheduled transaction generate assets or liabilities (whether financial or non-financial), then according to the Regulation the company should carry the earnings on revaluation capital to the initial value of such item. Moreover, if cash flows are hedged according to the Regulation, the remaining part of profits and losses that are considered inefficient will be carried to revaluation capital in their entirety (if the asset qualifies

Subject	IFRS	Polish legislation
		among financial assets available for sale), and the company recognizes value changes for this category in equity. The Regulation does not separately provide for hedging a probable future liability.

Subject	IFRS	Polish legislation
	statements (adjusting events). Disclose non-adjusting events.	

10. Other accounting and reporting topics

Subject	IFRS	Polish legislation
Functional currency definition	Currency of primary economic environment in which entity operates.	No equivalent definition exists. Accounting books are maintained in the Polish currency
Hyperinflationary economy- definition	Hyperinflation indicated by characteristics of economic environment of country, which include: population's attitude towards local currency and prices linked to price index; and if cumulative inflation rate over three years is approaching, or exceeds, 100%.	No equivalent definition
Related party transactions- definition	Determine by level of direct or indirect control, joint control and significant influence of one party over another or common control of both parties.	Assumptions consistent with IFRS
Segment reporting- scope and basis of formats	Public entities: report primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure.	No equivalent regulations
Post-balance-sheet Events	Adjust financial statements for subsequent events, providing evidence of conditions at financial statements date and materially affecting amounts in financial	Consistent with IFRS.

in any proceedings before a Patent Office irrespective of the type of issue under consideration.



Intellectual Property Rights

The issues related to protection of copyrights and intellectual property rights are regulated by the Act - Industrial Property Law. A patent may be given for a new invention on an invention level, fit for industrial application. Protected rights are given for utility models.

Patents and protected rights are granted in Poland by the Patent Office of the Republic of Poland. In addition, these functions are also executed by the European Patent Office (since March 1, 2004). The rules applicable to patents in Poland are similar to those existing in other States.

Maximum validity period of a patent is 20 years of notification (protected right: 10 years). A patent or protected right holder must pay appropriate charges, increasing at an exponential rate during the consecutive years. A patent notified in Poland only will remain valid only in the territory of that country. An application is published after 18 months of obtaining patent priority (first notice at one of the patent offices). As soon as a patent is granted, it will be registered in the patents registry maintained by the Patent Office.

The institution of a patent ombudsman was established to protect the interests of persons applying for or exercising patent protection. The ombudsman is a lawyer or engineer by education, who has fulfilled certain specific requirements and has been listed as a patent ombudsman on the list kept by the Patent Office. The patent ombudsman is the only party allowed to act as a representative of a party in proceeding before a Patent Office on matters related to patent applications and their recognition, as well as retaining patent protection. Persons who are not domiciled or established in the territory of Poland must appoint the patent ombudsman as their authorized representative



Asset valuation

Valuation of real estate and machinery bound with it is prepared by certified valuer. Valuer is able to assess amount of damage done on building or land, and also estimate value of part of real estate or costs incurred during construction. Valuation prepared by valuer takes the form of a document.

To provide services as a valuer we have to meet below conditions:

- Pass exam arranged by state commission,
- Finish higher education,
- Complete one year of professional experience.

Although valuer is recognized as a expert in estimating value of real estate, tax and accounting law rules don't take obtained results into account in determining tax or base accounting value of real estate.

Valuation of other assets, among them company shares, is not regulated by Polish law. Therefore we don't have limited group of entities authorised to provide such services. Quality standards in preparation of valuation also are not defined. In practice valuation of financial assets, licences and trade marks are prepared by companies and persons specialised in economic consulting.

Investing in Poland

After economic transformation and accession to the European Union, Poland has become an attractive destination for investors. Lower labour costs than those existing in highly developed countries; improving level of education; attractive geographical location; non-existence of significant cultural barriers - these factors certainly encourage investors to establish their projects here. When entering the Polish market, an investor may build his enterprise from scratch or acquire an existing entity. The Polish market represents almost 40 million individual consumers whose awareness and education keeps increasing. Thus, an entrepreneur growing his business in Poland has access to qualified workforce on the one hand, and a large group of product buyers on the other hand, with their increasing needs and foreseeable preferences.

Entrepreneurs investing in Poland may take advantage of numerous support mechanisms. This is particularly true for those who are planning new material investments relating to implementation of innovative and environmentally clean technologies.

Special economic zones

Formation and functioning of special economic zones is regulated by the Special Economic Zones Act (Journal of Laws No. 123, item 600, as amended). The main idea behind creation of special economic zones was to reduce unemployment rates in particularly affected regions. 14 such zones are currently defined in Poland.

Business facilities available in special economic zones can be utilized until 2017. After that date, special economic zones will be liquidated, as agreed with the European Union.

Entrepreneurs operating in special economic zones are entitled to income tax exemption on incomes earned from their activities within the zone. Public aids can be received for:

- Bearing the costs of a new investment. In this case, the entrepreneur is obliged to carry out his business activity for not less than 5 years and to retain ownership of property, plant and equipment constituting the objects of investment. The value of support is determined as the product of maximum aid value for the given area multiplied by the eligible costs of investment.
- Creation of new jobs. An entrepreneur drawing benefits on this basis must retain the new jobs created by him for 5 years. The value of support is determined as the product of maximum aid value multiplied by the extended value of cost of work of the newly employed staff plus all mandatory payments and charges related to their employment.

Co-financing of projects with European Union funds

As a result of accession to the European Union, Poland has become the beneficiary of support offered within the framework of structural funds. During 2007-2013, Polish enterprises will be entitled to receive funds under several operational programmes.

A company applying for co-financing of an investment project executed in Poland may receive support in the amount determined in proportion to the investment spending. The maximum rate of co-financing is defined on the basis of the regional aid map. According to the map, entrepreneurs investing in any of the following voivodeships: Łódzkie, Małopolskie, Lubelskie, Podkarpackie, Świętokrzyskie, Podlaskie, Lubuskie, Opolskie, Kujawsko-Pomorskie, Warmińsko-Mazurskie may receive a refund of up to 50% of the value of their investment. Entrepreneurs investing in any of the following voivodeships: Śląskie, Wielkopolskie, Zachodniopomorskie, Dolnośląskie, Pomorskie, Mazowieckie (except for Warsaw but only until the end of 2010; 30% afterwards) may receive co-financing at a rate of 40%. Companies investing in projects in Warsaw may count on a refund of 30% of their spending. The co-financing rates presented above may be increased by 10 percentage points for medium-sized enterprises, or by 20 percentage points for small enterprises.

Other support mechanisms

The above presented forms of public aid do not make up an exhaustive list of facilities offered to entrepreneurs. Certain other mechanisms have also been created which are specifically aimed at supporting particular types of economic activities, which are considered particularly desirable, and at assisting those groups of the society who find it harder to enter the job market.

At the moment, production of energy from renewable sources qualifies among such particularly desirable types of economic activities. It contributes to energy supply safety of the State while at

the same time protecting the environment. Entrepreneurs intending to execute projects involving construction of energy production facilities from renewable sources can use not only the financial support offered within the Operational Programme - Infrastructure and the Environment, and Regional Operational Programmes. They may also take advantage of support offered by the National Fund for Environmental Protection and Water Management. The support is granted in the form of a flat interest rate loan. If the loan is being repaid regularly and other investment obligations are duly fulfilled as required, up to 50% of the loan amount can be redeemed.

The institution appointed with the objective of supporting vocational and social rehabilitation of the disabled is the State Fund for Rehabilitation of the Disabled (Polish abbreviation: PFRON).

Co-financing from PFRON sources can be obtained by those entrepreneurs who employ disabled people. The Fund obtains its cash resources primarily from payments made by companies employing at least 25 people but disabled persons constitute less than 6% of total staff.



Listing Rules in Poland

The equity market in Poland has been growing rapidly for almost 30 years. At present, the Warsaw Stock Exchange aspires to be recognized as the most significant market in Central Europe.

The central government authority appointed to supervise the functioning of the capital market and to exercise due care of its growth and development is the Polish Financial Supervision Authority (PFSA). The activities of the PFSA are controlled by the President of the Council of Ministers.

Warsaw Stock Exchange

The Warsaw Stock Exchange is a company formed by the State Treasury. Prices of financial instruments are determined on the basis of buyers' and sellers' orders. Therefore, the market organized by the Warsaw Stock Exchange is referred to as an order-driven market. The following securities are traded at the Warsaw Stock Exchange: shares, bonds, pre-emptive rights, allotment certificates, investment certificates, and derivative instruments.

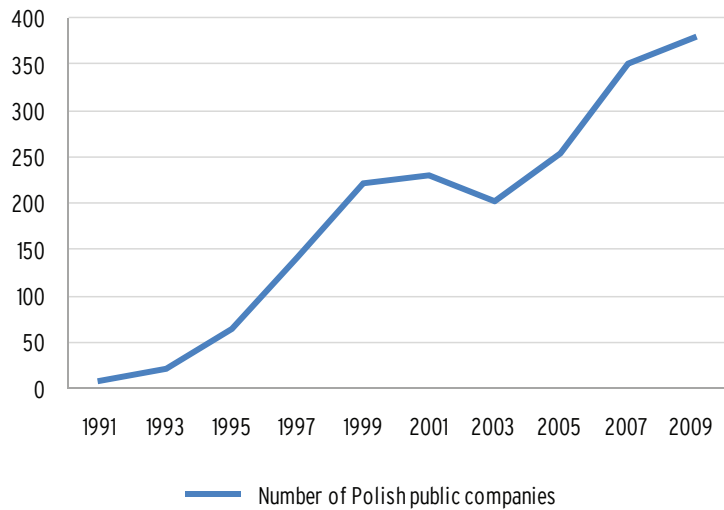
Securities are traded at the Warsaw Stock Exchange within two separate markets:

- the Primary Stock Market, which has been in operation since the beginning of the Stock Exchange operation. It is supervised by the Polish Financial Supervision Authority and was notified to the European Commission as a regulated market.

- NewConnect was established on August 30, 2007 to support growth of young and innovative enterprises through facilitating access to equity. This is an alternative trading system operated by the Warsaw Stock Exchange. The instruments which can be traded at NewConnect may include shares, share certificates, pre-emptive rights, depositary receipts, and other share instruments.

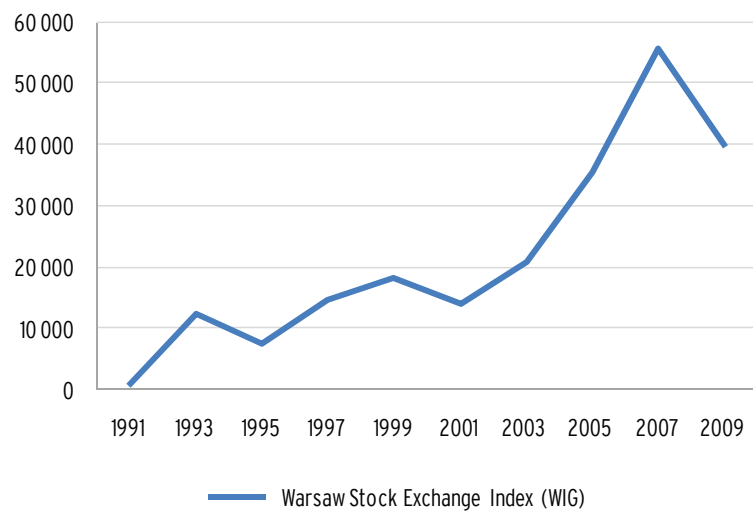
379 companies are currently listed at the Warsaw Stock Exchange, including 24 foreign entities. In December 2009, capitalization of the stock market was PLN 741,241 million. The following diagrams present the history of stock exchange growth in the perspective of capitalization of listed Polish companies, specifying the numbers of listed companies.





Relevant websites for further reading

www.gpw.pl	Warsaw Stock Exchange
www.knf.gov.pl	Polish Financial Supervision Authority
www.mg.gov.pl	Polish Ministry of Economy
www.mf.gov.pl	Polish Ministry of Finance
www.mrr.gov.pl	Polish Ministry of Regional Development
www.ms.gov.pl	Polish Ministry of Justice
www.msp.gov.pl	Polish Ministry of Treasury
www.nbp.pl	Polish National Bank
www.sejm.gov.pl	Polish Parliament
www.stat.gov.pl	Central Statistical Office



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About RSM Local Firm

In KZWS we are your Advisors on doing business in Poland. Our team consists of highly qualified specialists: certified public auditors, tax advisors, chartered accountants, legal advisors and business consultants. This is what makes KZWS one of the best Polish Advisory companies. Our offices are located in the biggest cities in Poland: Warsaw, Poznan, Wroclaw and Krakow. The company was founded in 1992. Since then, we have provided our services to hundreds of entities. We would be honoured if you became one of them.

Values such as Quality, Confidence, Reliability and Experience are of the biggest importance to us. In order to provide highest Quality services we improve our skills and broaden our knowledge continuously. Our clients have complete Confidence in us. We know that they expect a complex service from us - in order to meet their high requirements we hire specialists in many different domains, only by doing that we can assure Reliability of our services. The Experience we gained during long business history we have in Poland enables us to provide top-level services.

We render our services in many languages: Polish, German, English, French, Italian and Spanish.

Main service lines of KZWS' are:

- Setting up companies in Poland;
- Shelf company services;
- Audit;
- Tax advisory;
- Accountancy and payroll;
- Transaction support services including due diligence and company valuation.

We are a member of:

- RSM International;
- National Chamber of State Auditors in Poland (KIBR);
- National Chamber of Tax Advisors in Poland (KIDP).

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