



**Baker
McKenzie.**

DOING BUSINESS IN **POLAND**

2025

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Introduction

Poland is a European Union member state.¹ As in any other EU country, many economic sectors and related laws have been unified or harmonized and are subject to EU standards. Polish law belongs to so-called continental law systems (like Germany or France), which means that Polish statutory laws may apply to business arrangements regardless of, or on top of, contractual ones. Jurisprudence plays an important role in interpreting the laws and some rules stem from Supreme Court or Constitutional Tribunal decisions; however, they are not as firm as in common law countries.



Legal status as of April 2025

Important legal notice: This document was prepared by Baker McKenzie Krzyżowski i Wspólnicy sp.k. for general information and promotion purposes. This is not legal advice, legal opinion or a complete description of Polish laws. Seek specific tailor-made legal advice before making a business decision.

¹ Poland is also a member of NATO, the United Nations, the World Trade Organization, the Organization for Economic Co-operation and Development (OECD), the European Economic Area, the International Energy Agency, the Council of Europe, the Organization for Security and Co-operation in Europe, the International Atomic Energy Agency, G6, the Council of the Baltic Sea States, the Visegrád Group, the Weimar Triangle and the Schengen Agreement.

1 Market entry

Generally, foreign persons from EU Member States may conduct business activities in Poland on the same terms as Polish individuals. Other foreigners may commence business activities in Poland by establishing or joining one of the following Polish vehicles: limited partnership, partnership limited by shares, limited liability company, simple joint-stock company or joint-stock company.

EU foreigners and other persons, based on the reciprocity principle, may also do business in Poland in the form of a branch.

In certain cases (stemming from and aligned with EU law), it is possible to provide services directly from abroad from another EU Member State.

An additional form of market entry into Poland is a representative office, although this is limited to promotional activities only.

I. Partnerships

A partnership does not have legal personality. However, it may acquire rights in its own name, including the right of ownership of real estate and other rights in rem, incur obligations, sue and be sued. Polish law recognizes the following types of partnerships: general partnership (*spółka cywilna*)² registered partnership (*spółka jawna*); limited partnership (*spółka komandytowa*); professional partnership (*spółka partnerska*); and partnership limited by shares (*spółka komandytowo-akcyjna*).

The basic form of a partnership regulated in the Commercial Companies Code is a registered partnership. The provisions on other types of partnerships are modifications of a registered partnership. Each partnership must have at least two partners.

Type of partnership	Basic features
Registered partnership (<i>spółka jawna</i>)	<p>Established on the basis of a partnership agreement (the agreement may be executed by a template accessible in a computerized system via the internet).</p> <p>Partners are jointly and severally liable for the partnership's obligations with all of their assets, without limitation. However, a creditor may seek enforcement of the partnership's debts from the partner's personal assets only when enforcement from the assets of the partnership proves ineffective (so-called subsidiary liability).</p> <p>Every partner has the right to represent the partnership.</p> <p>As a rule, each partner has the right and obligation to manage the affairs of the partnership's day-to-day business; for matters out of the ordinary scope of business, consent from all partners is required.</p> <p>Partners are entitled to an equal share in the profits and participate in the losses in the same proportion – this rule may be changed in the partnership agreement; however, it may not exclude a partner</p>

² A general partnership is in fact an agreement, and is one of the agreements regulated under the Civil Code. Further in this chapter, we focus on partnerships and companies as set forth in the Commercial Companies Code.

Type of partnership	Basic features
	from his/her share in the profits, while exclusion from participation in losses is possible.
Limited partnership (LP) (<i>spółka komandytowa</i>)	<p>At least one partner must be jointly and severally liable for the partnership's obligations (general partner) and at least one partner's liability is limited to the amount specified in the partnership agreement (commendam sum).</p> <p>The name of the LP should include at least one general partner's name.</p> <p>As a rule, general partners manage and represent the partnership; limited partners may represent the partnership only based on a power of attorney.</p>
Professional partnership (<i>spółka partnerska</i>)	<p>May be established only for carrying out the work of specified professions (e.g., lawyers, architects, insurance brokers, auditors).</p> <p>As a rule, partners are not liable for the obligations of the partnership which arise in connection with the pursuit, by the remaining partners, of the profession in the partnership.</p> <p>A partnership agreement may establish a management board.</p>
Partnership limited by shares (<i>spółka komandytowo-akcyjna</i>)	<p>At least one partner must be jointly and severally liable for the partnership's obligations (general partner) and at least one shareholder is not liable for the partnership's obligations.</p> <p>The minimum share capital is PLN 50 000.</p> <p>General partners represent the partnership and manage the partnership without prejudice to the powers of the partnership bodies – general meeting and supervisory body (the supervisory body is not mandatory unless the number of shareholders exceeds 25).</p>

II. Companies

Companies are legal persons, separate from their shareholders, and are individually liable for their obligations. Polish law recognizes three types of companies: limited liability company (*spółka z ograniczoną odpowiedzialnością*), simple joint-stock company (*prosta spółka akcyjna*) and joint-stock company (*spółka akcyjna*).

There are two fundamental differences between these types of companies. Firstly, the share capital in joint-stock companies ("**JSC**") may be raised by public subscription, whereas limited liability companies ("**LLC**") and simple joint-stock company ("**SJSC**") may not engage in public share issues, nor issue share certificates.

Secondly, the LLC's and SJSC's directors (management board members) may, in certain situations, be liable for the LLC's debts on the grounds of so-called "subsidiary liability," unless they act in a loyal

manner to the company and within the limits of reasonable business risk (business judgmental rule) or they demonstrate that one of the statutory liability exemptions applies.³

Generally, a JSC seems more suitable for conducting large-scale business operations, while an LLC can be more flexible and serve the needs of small, medium and large businesses with a limited number of shareholders. LLCs have fewer formalities and external controls than a JSC, e.g., an LLC must only have an external audit of its balance sheet and annual accounts performed in certain cases, whereas for a JSC, this audit is required annually.

LLCs provide the advantage of less onerous regulations and requirements pertaining to decision-making by the corporate bodies and their operations. As a result, this is the most popular and frequently chosen corporate vehicle in Poland.

THREE STEPS OF FORMING A COMPANY

1. Execution of articles of association (LLC) or a statute (JSC/SJSC) (collectively, "Articles")

The Articles must be executed before a Polish notary in the form of a notarial deed. With regard to an LLC, the Articles may also be executed by a template accessible in a computerized system via the internet.

A company gains legal personality upon registration with the National Court Register. However, upon execution of the Articles, the company is regarded as a "company in organization" with the ability to enter into transactions – execute contracts, incur obligations, etc. This is why we differentiate a company's incorporation from its establishment.

2. Contribution of the legally prescribed share capital, subscription for shares and appointing the company's bodies and registered office

For an LLC, the share capital has to be paid up in full, whereas for a JSC, at least 1/4 of its nominal value must be paid.

For these reasons, if the founders decide to cover the share capital with cash contributions, a corporation should open a bank account. The bank account should be opened after execution of the Articles, but prior to submitting the application for registration with the National Court Register.

Unless appointed at the first step, the shareholders should ensure the company has chosen its directors (management board members) and, in a JSC and LLC/SJSC if established, the supervisory board members.

3. Registration with the National Court Register, the tax office, the statistical office and the social security office⁴

³ Such as: (i) a petition for bankruptcy was filed within the time limit specified in the relevant bankruptcy law; or (ii) restructuring proceedings were commenced; or (iii) that they are not at fault for failure to file a bankruptcy petition on time and commence restructuring proceedings; or (iv) the creditor did not sustain any damage despite the failure to file the bankruptcy petition on time and to commence arrangement proceedings.

⁴ A company and its employees must be registered for social security purposes within seven days of employing the first employee.

Once the registration with the National Court Register is completed, the tax identification number (NIP) and statistical company number (REGON) are assigned automatically. Separate motions are required to register a company as a VAT payer and employer, and to update tax-related information (NIP-8).

1.1 Acquisition of a shelf company

Purchasing a ready-made shelf company is an alternative form of setting up a business entity in Poland. It also offers certain advantages compared to incorporating a new entity from scratch.

A shelf company is a company which has been established by a shelf companies provider to be sold to a buyer. In principle, such company has never carried out any business activity and has been kept inactive until it is acquired by the buyer. A shelf company is a fully operational entity so there is no transitional period of a “company in organization.” The shelf company has standard Articles, a bank account, lease agreement and all required registrations – with the National Court Register, statistical office and tax office – usually except for social security office registration and EU VAT registration. Nevertheless, upon acquisition, the shelf company has its previous name and standard scope of activity. Thus, in many cases, the Articles require amendment.

1.2 Incorporation of a corporation vs. purchase of a shelf company

	Incorporation of a corporation	Purchase of a shelf company
Timing	Approx. three to four months.	One month from the beginning of the process to buy a shelfco, then, approx. one month from the acquisition to change the name and amend the Articles according to your needs.
Pros	An incorporated company has no share transfer history, it is tailored to your business needs.	<p>Acquisition of a shelfco allows you to avoid the prohibition of formation of a corporation by a sole-shareholder LLC.</p> <p>The acquisition process is much shorter than setting up a corporation.</p> <p>A shelfco is already registered with the National Court Register, the tax office and the Central Statistical Office, and has a bank account.</p>
Cons	<p>A corporation cannot be set up only by a sole-shareholder LLC. In this case, a second shareholder of the LLC/JSC must be indicated.</p> <p>The process of incorporation of a corporation is longer than the process of acquiring a shelfco.</p>	<p>A shelfco has a share transfer history and previous name, which will always be visible on the so-called full (i.e., showing all corporate history) excerpt from the register (publicly available).</p> <p>The Articles of a shelfco need to be amended to your needs.</p>

	Incorporation of a corporation	Purchase of a shelf company
	<p>A corporation must open a bank account.</p> <p>A corporation must be registered with the National Court Register, the tax office and the statistical office, which takes time (approx. one month).</p>	

III. Branch

Foreign entrepreneurs that create a branch in Poland may carry out economic activities solely to the extent of the object of the foreign entrepreneur's activity. A branch does not have a separate legal personality that distinguishes it from the parent company and any contract concluded with a third party is in fact concluded by its parent company, represented by its representative in the branch.

In practice, there are few differences between conducting business activities in the form of a branch as opposed to establishing a Polish company:

	Branch	Company
Timing	Approx. two months from the beginning of the process.	Approx. three to four months from the beginning of the process; however, you may enter into contracts and basically run operations strictly upon incorporation as "a company in organization."
Legal status	Organizational unit of the "parent company" with no legal personality. Save for employment contracts, any contract concluded with a third party is in fact concluded by its "parent company," represented by its representative in the branch.	Independent legal person.
Minimum legal representative requirements and powers	The "parent company" should appoint at least one individual who will represent the "parent company" while acting through the branch. The law does not specify the minimum scope of powers of the branch representative – the "parent company" should define such scope of powers in a power of attorney granted to the branch representative.	An LLC/SJSC/JSC must have a management board which may be composed of one or several individuals. The powers of the management board cover the management of the affairs of the company and its representation. The rights of a member of the management board to manage the affairs of the company and to represent it covers all court proceedings and out-of-court dealings of the company.

	Branch	Company
Minimum “investment”	There is no requirement to make a minimum investment in the branch. However, the “parent company” should ensure that the branch has enough funds to start its business activity in Poland. The value of the “investment” should be established on a case-by-case basis.	The minimum value of the share capital.
Scope of business activity	Business activity cannot exceed the scope of business activity carried out by the “parent company.”	Decided by the shareholder(s) in the Articles.
Legal liability	The “parent company” is liable towards third parties for the branch’s actions.	An LLC/SJSC/JSC is liable towards third parties for its actions. Shareholder(s) are not liable for the obligations of an LLC/SJSC/JSC.
Dividends	There is no legal requirement for the branch to pay dividends. Since the branch is in fact an organization unit of the “parent company,” the profits earned by the branch are the profits of the “parent company.”	A shareholder is entitled to a share in the profits specified in the annual financial statement and allocated under a resolution of the shareholders’ meeting for distribution.

1.3 Reporting obligations

The preparation and reporting of financial statements in Poland is fully digitalized.

Financial statements should be prepared on special templates made available by the Polish Ministry of Finance and signed with an ePUAP profile (Electronic Platform of Public Administration Services) or a qualified electronic signature (QES) by all directors (or one director, if other directors sign an additional written statement)⁵ and a person responsible for the bookkeeping and then uploaded to the Financial Documents Repository platform maintained by the Polish Ministry of Justice. Once uploaded to the Financial Documents Repository platform, the financial statements are immediately shared with the relevant tax office.

The reporting obligations of financial statements and the increasing number of other reporting obligations that the Polish regulator has put on directors’ shoulders may lead to the conclusion that, regardless of the lack of a statutory obligation to appoint Polish citizens or residents to management positions, it is useful to have a Polish director onboard.

1.4 System of permits and foreign investment restrictions

As a rule, the principle of freedom of establishment applies. This means that, unless a special act provides for state control over business activities, anyone can set up and run a business in a basically

⁵ Members of the company’s management board, shareholders representing a partnership or other respective representatives.

unrestricted way. Certain types of business activity make it necessary to meet additional requirements compliant with state control rules.

There are three forms of state control over business activities: (i) concession (*koncesja*); (ii) regulated business activity; or (iii) permit (*zezwoleńie*) and its legal equivalents: license (*licencja*), authorization (*zgoda*), and notification (*zgłoszenie*).

1.5 Restrictions on foreign ownership and investments

Foreign ownership restrictions are generally lifted, save for a limited number of cases. For example, concessions for certain types of telecommunications, broadcasting and air services provides for limitations applicable to companies established in non-Member States of the European Economic Area. Also, some restrictions apply in highly regulated sectors and acquisitions of real estate or companies holding real estate by non-EEA entities. Further restrictions refer to acquiring agricultural real estate or companies owning such land, though they apply to both foreign and domestic entities.

In addition, on the wave of increased awareness of the risks that may result from uncontrolled foreign direct investment, aimed at protecting security or public order in compliance with EU regulations, Poland introduced restrictions on foreign investments in Poland in selected sectors (for example, energy, transport, telecommunications, technology, and chemicals). Consequently, in transactions involving companies operating in a strategic sector, it is necessary to examine whether the Polish act on certain investments control applies. The act requires notifying the control authority of an intended transaction, which encompasses not only the acquisition of shares but also enterprises and a wide range of indirect control or actions that would result in achieving a dominant position. The authority may object to the transaction within 90 days from the date of receiving proper notice. In practice, this period may be substantially prolonged, as the 90-day period can be stopped whenever the control authority asks an application-related question or takes other actions. Actions taken in breach of the objection or without filing the notification will be void.

Failure to notify the control authority is subject to a fine of up to PLN 100 million. This fine may be imposed not only on the entity required to file the notification, but also on the persons carrying out the transaction for the entity (management board members, proxies). These individuals may also be sentenced to up to five years' imprisonment.

The list of protected entities is published in a regulation, which is updated from time to time. A protected entity does not have to be owned or controlled by the State Treasury. It can be a private company operating in one of the key sectors of the economy that requires special protection in view of its market reach, scale of operations or interest to society.

1.6 Foreign exchange controls

Foreign exchange transactions between Polish residents and non-residents who are residents of the EU, the EEA or OECD countries (Member Countries) are generally free from limitations on exchange control, subject to a few minor limitations, including the obligation to transfer funds via a bank account if the amount of the transfer exceeds the equivalent of EUR 15 000. There is also a prohibition on payments in currencies defined as non-convertible currencies and some restrictions on exports and imports of gold and platinum.

A permit from the National Bank of Poland may be required for certain transactions with other jurisdictions (so-called "third countries") or for conducting certain transactions in a foreign currency.

The Foreign Exchange Act provides a list of foreign exchange transactions which, when carried out with an entity from a third country other than Member Countries or BIT Countries, may be performed only with a foreign exchange permit. Non-residents from third countries must obtain a permit to sell and/or buy in Poland securities or debts, except for securities or debts primarily acquired in Poland.

Other types of transactions which fall within the scope of the Foreign Exchange Act include transfers of funds by Polish residents to third countries for the development of business activities, investments by Polish residents in third countries in securities or purchase of debts and the opening of bank accounts in third countries by Polish residents.

2 TAX

2.1 Corporate income tax

Corporate income tax is levied on the income or, in some cases, the gross receipts of legal persons and organizations that do not have legal personality. However, among partnerships, only partnerships limited by shares and limited partnerships are levied with corporate income tax, while other partnerships are tax transparent.

CIT taxpayers are, in particular, a limited liability company and a joint-stock company. The provisions governing corporate income tax apply also to all organized entities that do not possess legal status but that have their seat abroad and are subject to corporate income tax in their country of residence.

Polish tax residents are subject to corporate income tax on their worldwide income. Non-tax residents are subject to taxation in Poland on the revenues earned on the territory of Poland: tax is either settled by such non-residents – in the case of permanent establishments in Poland – or withheld at the source by a Polish withholding agent (for example, in the case of dividends, interest, royalties and certain intangible services).

The corporate income tax basic rate is set at 19% of net profit. As a rule, net profit is calculated as the difference between revenues and tax-deductible costs. However, for certain small taxpayers, the rate may equal 9%.⁶

Capital gains are separated from other sources of income. While, ultimately, income tax is payable on the total income from both sources, taxpayers must segregate types of income and must allocate related tax costs to the relevant source. As a result, if a taxable person derives income from capital gains and incurs a loss on other sources of income, income tax will be levied on the income derived from capital gains and will not be reduced by the loss incurred from the other source and vice versa. Also, tax losses from previous years are deductible only against income belonging to the same source.

In the case of foreign entities, the tax may be collected at the source. The withholding tax ("WHT") rate depends on the type of income received by the foreign entity and on whether Poland has signed a double taxation agreement with the country in which the recipient foreign entity is resident.

2.1.1 Dividends

Corporations with legal personality and their shareholders are treated separately for taxation purposes. Dividends are subject to a withholding tax at the 19% rate or are tax exempt (where the conditions described below are met). The amount of withholding tax is often reduced to the 5% rate under bilateral agreements for the avoidance of double taxation. Poland has implemented the regulations of the Council Directive on the common system of taxation, which is applicable in the case of parent companies and subsidiaries of different Member States. Therefore, income from dividends is exempt from withholding tax if the following conditions are fulfilled:

- The entity paying the dividend is a company that pays income tax with its seat or management in Poland
- The entire income of the company receiving the dividend, regardless of where it is earned, is subject to taxation in an EU or EEA Member State or in Switzerland
- The company receiving dividends does not enjoy full tax exemption in its country of residence

⁶ Applies to taxpayers whose income in the current tax year did not exceed the amount corresponding to the equivalent of EUR 2 million.

- The company receiving dividends is directly entitled to at least 10% of the Polish company's shares for an uninterrupted period of at least two years. In the case of Swiss companies, a 25% minimum holding requirement applies
- The company receiving dividends does not benefit from exemption from taxation of all its income, regardless of where it is earned

Apart from the above, some formal conditions need to be met to benefit from the exemption. Among others, the certificate of residence of the company receiving dividends should be presented to the Polish tax authorities.

The exemption may be denied with respect to dividends and dividend-like income arising from transactions that lack justified economic (business) reasons and are done solely or mostly for the purpose of utilizing the exemption.

2.1.2 New rules for the collection of withholding tax (WHT)

WHT collection rules were amended in Poland as of 1 January 2019. Under the amended WHT collection rules, WHT is collected by the withholding tax agent in full without the application of the above-mentioned exemptions resulting from Polish law and double tax treaties, while the taxpayer may get his/her (partial) refund after demonstrating the right to apply a preferential rate. The above rules apply to WHT with respect to payments to one recipient exceeding PLN 2 million in one tax year. Below this amount the payer may not – under certain conditions – collect tax.

In some cases a WHT agent will still be able to apply the exemptions or reductions of WHT at source:

- The first mechanism that enables a WHT agent to apply preferential WHT rates (relief at source) where the threshold of PLN 2 million is exceeded is submission by a WHT agent of a statement to the tax authorities confirming that the WHT agent has got the documents necessary to apply a preferential WHT rate (WH-OSC statement). Such statement also includes confirmation of lack of knowledge about the existence of circumstances that might exclude the possibility of non-collection of the WHT under the tax law provisions (in practice, a tax remitter should confirm that a non-resident taxpayer is a beneficial owner of payment and that it carries on genuine business activity in its home state). Before submitting such a statement, a tax remitter is obliged to verify with due care whether there are circumstances which might exclude the possibility of non-collection of the WHT. A penal fiscal sanction has also been introduced for the person executing the statement on behalf of a WHT agent. In addition, an additional tax liability in the amount of 10% of payments is applicable for presenting a false statement or non-verification of circumstances resulting in excluding the possibility of non-collection of the tax under a relevant agreement on avoidance of double taxation.
- The second mechanism is applicable only in the case of exemptions from WHT of dividends or interest and royalties implementing the provisions of EU Directives. It involves a non-resident taxpayer or a WHT agent obtaining a positive opinion to be issued by the tax authorities on the eligibility of the application of the exemption.

The beneficial owner of payments needs to meet the following conditions:

- it receives the payment for its own benefit and decides on its own how to use it and also bears the economic risk related to the loss of such payment or any part thereof, and
- is not an intermediary, representative, trustee or other entity legally or factually obliged to transfer all or part of the payment to another entity.

- In addition, a requirement to conduct so-called genuine business activity by an entity receiving payments from a source in Poland has been introduced.

2.1.3 Tax incentives

Based on recent regulations, a number of tax incentives have been provided to attract new investments, for example, (i) investment based tax exemption based on support decisions replacing the SEZ⁷ regime (the so-called entire Poland is one SEZ regime); (ii) R&D credits (a tax relief consisting of double deduction from the tax base of part of the tax deductible costs incurred for conducting research and development activities); or (iii) IP Box (preference regarding revenues from commercialization of created, developed or improved intellectual property rights).

The investment based tax exemption covers income generated from activities covered by a support decision. The minister issues support decisions for 10 to 15 years provided that the investment meets certain quantitative and qualitative criteria stipulated in the relevant regulations. The value of the investment must exceed a certain threshold to benefit from the tax relief. The threshold is higher for taxpayers with a high turnover. By contrast, the threshold is lower for investments in territories with high unemployment. Thus, a taxpayer with lower turnover investing in a territory with higher unemployment will result in a lower investment value threshold needed to benefit from the tax exemption.

A tax credit for R&D expenses (qualified expenses) has been introduced and replaced the previous regulations relating to tax credit for the acquisition of new technologies. Examples of qualified expenses are: payroll costs of R&D employees or dependent contractors; costs of materials and equipment used for R&D activities; costs of expertise, opinions and acquisition of research results from an academic body; costs of use of R&D equipment; and costs of patents. Also, depreciation/amortization write-offs of fixed or intangible assets used in R&D activities (except for passenger cars and buildings) are subject to deduction. Tax deductible means, in principle, 100% of the qualifying costs (double deduction). The tax credit may be carried forward for six years. A cash refund for start-ups unable to credit the R&D costs is also available in certain circumstances.

The preference regarding revenues from the commercialization of created, developed or improved intellectual property rights (e.g., patent, protection law on invention, the right to a computer program, the registration of a medicinal or veterinary product) was introduced to boost investments in the area of R&D. Qualifying IP Box income is taxed with a preferential 5% PIT or CIT rate. The income covered with the reduced rate constitutes primarily income obtained from license fees or other charges related to the use of intellectual property rights (including income included in the sale price of a product or service) or income from the sale of such a right. To benefit from the preference, the taxpayer has to conduct research and development activities directly related to the creation, commercialization, development or improvement of intellectual property rights.

2.1.4 Obligations, limits and anti-tax avoidance measures

Polish tax law provides for transfer pricing regulations in accordance with the general OECD provisions. It is possible to conclude an advanced pricing agreement with the tax administration to ensure the correctness of the transfer pricing method being applied.

There are also interest deductibility (thin capitalization) restrictions applying to debt financing.

Interest deductibility restrictions are applicable not only to financing from related entities but also to financing from unrelated parties. The annual limit of deductibility of the amount of interest and other debt financing costs is calculated in reference to 30% of EBITDA for a tax year, as defined in tax law.

⁷ Special Economic Zone

The limitation applies to the excess of debt financing costs over the taxable interest income (including capitalized interest and other revenues economically equivalent to interest) in a tax year.

A taxpayer is obliged to exclude from the tax deductible costs the costs of debt financing with regard to the part in which the excess of debt financing costs exceeds a) 30% of the amount calculated as the excess of (i) the total revenues from all revenue sources (less interest income) over (ii) the sum of tax deductible costs (less depreciation charges recognized in the tax year under tax deductible costs) and debt financing costs, or b) the threshold of PLN 3 million. As of 2022, the regulations were amended so that the respective 30% of EBITDA and PLN 3 million limits, below which the restriction on deductibility does not apply, are not to be applied in aggregate. According to the official justification for the amended rules, the taxpayer is allowed to choose which limit to apply and to benefit from whichever threshold is higher. The excess of debt financing costs over the described limit is non-deductible. Non-deducted costs may be deducted within the next five tax years, in accordance with the described rules.

Since mid-2016, there has been a general anti-tax avoidance rule in Polish tax law. Moreover, in 2019, a mandatory disclosure rule was introduced, and advisors who advise on tax, as well as taxpayers themselves or other entities, may be obliged to report information about certain advice to the tax authorities. However, it is planned to limit the obligations for tax advisors in the field of mandatory disclosure rules, and respective legislative works are ongoing in 2025.

2.2 VAT

Polish law generally implements the EU VAT system. Currently, the following activities are subject to Value Added Tax (VAT):

- Supply of goods
- Supply of services
- Intra-community supply of goods
- Intra-community acquisition of goods
- Export of goods
- Import of goods

The VAT rate is currently 23%, with reduced rates of 0%, 5% or 8% for certain types of goods and services. In general, if a taxpayer acquires goods or services for the purposes of taxable activities, the taxpayer is entitled to deduct input VAT incurred with respect to their acquisition.

The options for deducting tax incurred are sometimes restricted. The refund of the difference in the amount of the output tax into a bank account is not the only option. A company may also be entitled to reduce by said difference the due VAT amount for subsequent tax periods. This solution should be simpler, although the actual benefit will only be incurred in the period that output VAT is generated.

A split payment mechanism⁸ was introduced which is mandatory for invoices above PLN 15,000 gross that relate to sensitive goods and services (for example, fuel, steel, coal, smartphones and tablets or construction services). In other cases, the application of split payments is optional.

⁸ Under split payment regulations, the buyer transfers only the net amount of the payment to the seller's bank account, while the amount of VAT is transferred to the seller's VAT account (a special account intended for the purposes of tax settlement). The money in the VAT account belongs to the seller but access to it is limited. The seller may use the amount accumulated on the VAT account to pay his/her VAT liability. If the tax liability is lower than the amount accumulated in the VAT account, the seller may apply for a refund of the whole or part of this

2.3 Other taxes

Other taxes that may apply in Poland include:

- Tax on civil law transactions (levied in case of several kinds of civil law actions, e.g., raising share capital (0.5%), sale of goods and property rights (1% or 2%), and loans (0.5%)); as a rule, this tax is not levied where VAT applies; also several exemptions apply to loans
- Real estate tax and other local taxes
- Tax on certain financial institutions, including domestic and foreign banks, insurers, reinsurers, and credit consumer institutions
- Social security contributions paid to the Social Insurance Institution (Zakład Ubezpieczeń Społecznych)

As part of corporate income tax, there is also a tax burden called a minimum tax, which, in practice, resembles a form of property tax. The minimum tax applies to all buildings (or parts thereof) that are given for use under a contract of lease, tenancy, leasing, etc., located in Poland with an initial value exceeding PLN 10 million.

The taxable base is the revenue that corresponds to the initial value of the asset determined as of the first day of each month less PLN 10 million (the application of the PLN 10 million exemption threshold is not based on the value of one building, but applies to the taxpayer regardless of the number of buildings owned).

The tax does not apply to real property used exclusively or mainly for the taxpayer's own needs or to real property for which depreciation was suspended as a result of the suspension or cessation of the business activity for which the property was used.

The tax is called a minimum tax because the obligation arises only if the CIT liability of the taxpayer is low. The tax does not apply if CIT advances exceed 0.035% of the excess of the initial value of the fixed asset over PLN 10 million.

amount, which is then transferred to a regular bank account within 60 days from the application for the refund. The VAT split payment applies only to transactions between VAT taxpayers and only to transfers in PLN.

3 Corporate maintenance services

Baker McKenzie offers a wide range of corporate secretariat services for both domestic and overseas clients, including the following:

- company and business name searches;
- incorporation of a company from scratch or purchase a shelf company;
- assistance with registration proceedings with National Court Register and other registers;
- drafting resolutions of directors and shareholders;
- assistance with annual reporting obligations, such as approval of the financial statement, help with obtaining the qualified electronic signatures, submission of required financial documents with the National Court Register;
- preparing and updating company registers; and
- deregistering/dissolving and winding up companies.

For further information on registering, operating and/or dissolving a company in Poland, or any of our other corporate secretariat services, please contact Izabela Puchalska on the details below:



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