

Employer's Guide to Poland

- legal
- tax
- accounting
- audit
- insurance issues



Gide Loyrette Nouel



MAZARS



GRAS SAVOYE

under the patronage of:



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XX Economic Forum in Krynica – the panel session of Gide Loyrette Nouel, Mazars and Gras Savoye

From the left: Alexander Konopka (Gras Savoye), Michael Hepp (BASF), Michel Kiviakowski (Mazars), Philippe Castanet (EDF), Michał Boni (Polish Government), Tomasz Lis (Wprost), Dariusz Tokarczuk (Gide Loyrette Nouel), Roland Dubois (France Télécom), Sławomir Majman (PAIIZ).

Introduction

Poland has grown more beautiful.

In recent years, Poland has become more appealing than ever to investors.

Foreign investors have, to a large extent, sculpted a new economic map of Poland.

As of the end of the summer of 2011, the number of investment projects that the Polish Information and Foreign Investment Agency (PAIILZ) is engaged with has increased by 60 per cent.

The charm of the stable Polish economy is being discovered by the new companies from all around the world.

The publication "Employer's Guide to Poland" is intended to make it easier to pass through the complicated labyrinth of employee benefits.

For this I sincerely thank the authors.

Sławomir Majman



*President of the Polish Information
and Foreign Investment Agency (PAIILZ)*

I.

Legal aspects of employment in Poland

Key employment legislation

The key act governing individual and collective relationships between employers and employees is the Labour Code of 26 June 1974, which has been modified many times. The Labour Code, together with a range of separate acts related to various aspects of individual and collective labour law, forms the basis of Polish employment law.

Employment relationship

To establish an employment relationship, both the employer and the employee must express their mutual consent. The conclusion of the employment relationship should be confirmed in writing by the conclusion of an employment contract, though it will also happen simply by allowing a person to work. The Labour Code distinguishes between the following basic types of employment contracts:

- for a trial period,
- for a fixed term,
- for the duration of a specific task,
- for an unlimited period.

In addition, the Labour Code provides for fixed-term contracts securing cover for the justifiable absence of an employee.

Each employment contract should contain the following information: (a) parties, (b) type of contract, (c) date of conclusion and (d) terms of employment and remuneration. In particular, it should specify:

- the type of work to be performed under a given contract,
- the place where it will be performed,
- the remuneration for work, together with an indication of its components,
- the full-time/part-time status,
- the date on which the work is to begin.

Where no written employment contract has been drafted, the employer must confirm to the employee, in writing and not later than on the day of commencing work, the following terms:

- the parties to the contract,
- the type of contract,
- the conditions of employment and remuneration.

In addition, the employer must communicate to the employee, in writing, the basic conditions of employment. This must be provided within seven days of concluding the employment contract, and following any change thereto.

Remuneration

The amount of remuneration to which the employee is entitled should be agreed between the employer and the employee in compliance with the remuneration by-laws of the employer.

The remuneration is subject to special protection under the Labour Code. Therefore, the employee cannot waive his or her right to remuneration, or transfer the right to remuneration to any other person. Garnishing an employee's remuneration is submitted to specific rules set out in the Labour Code.

The remuneration due to a full time employee cannot be lower than the minimum legal remuneration. The minimum legal monthly remuneration in 2011 amounts to PLN 1386.

Non-competition agreement

The Labour Code allows contracts restricting the employee's ability to directly or indirectly engage in any business competitive with the employer's business. Such a contract must be executed in writing. The Labour Code distinguishes:

- non-competition agreements concluded for the duration of an employment contract and
- non-competition agreements binding the parties following the end of employment.

The first of these is concluded for as long as the employee is employed. Depending on the terms of the agreement, such an arrangement can either be paid or unpaid.

The second must always be paid. The minimum payment that can be agreed in consideration of the arrangement not to compete is 25% of the remuneration received by the employee during the period preceding the end of the employment relationship, corresponding in length to the period of the non-competition obligation. The termination of a non-competition contract binding after the end of employment is submitted to particular rules resulting from the jurisprudence of the Polish Supreme Court.

Work time

The work time of an employee cannot exceed eight hours per day, or an average of 40 hours in a five-day working week over an applicable calculation period not exceeding four months. Weekly work time, including overtime, cannot exceed an average of 48 hours over the course of the established reference period.

The Labour Code provides for various methods of organising work time. It is possible to be flexible to meet the needs of the employer (e.g. work only at weekends, work up to 12 hours a day, work in three shifts, taking an unpaid break, etc.). Some work systems allow the employer to lengthen the daily time of work to 12 hours, and an applicable calculation period to 12 months.

Overtime hours result from work outside the daily standard time of work and outside average weekly standard time of work. Under the Labour Code, employees are entitled to a supplement of 50% or 100% of their remuneration in respect of overtime

Leave

worked, in addition to their normal remuneration, though remuneration by-laws of the employer may grant the employees higher amounts of these supplements. Instead of paying the remuneration for overtime work, the employee may benefit from leave upon request or at the decision of the employer. In such a case, the employee is not entitled to supplements for the overtime worked.

The Labour Code specifically regulates work undertaken at night and on Sundays or public holidays.

The Labour Code distinguishes different types of leave to which employees are entitled. The main types are the following:

- annual paid leave,
- unpaid leave,
- maternity leave and extended maternity leave,
- paternity leave,
- child care leave.

Each employee is entitled to paid annual leave. The amount of leave depends on the employee's length of service as follows:

- 20 days – if the employee has been employed for less than 10 years,
- 26 days – if the employee has been employed for 10 years or more.

The Labour Code sets out detailed rules for calculating the amount of leave applicable.

Health and safety at work

Employers are obliged to ensure safe and hygienic working conditions, and to check and duly document them.

The Labour Code and other relevant legislation regulate in detail the employer's duties connected with health and safety at work. In particular, the labour law provisions provide special protection for pregnant employees, minors and disabled employees.



By-laws and collective agreements

The organisation of work and the terms of remunerating employees must be specified in internal employment regulations.

The Labour Code provides that every employer employing at least 20 employees has to set up workplace by-laws and remuneration by-laws. The employers may also establish social benefit fund by-laws. The employer and the trade unions may also conclude a collective bargaining agreement and other agreements that would determine various matters relating to the employment.

Additional benefits concerning conditions of employment and remuneration may be also granted by social packages negotiated between future employers and the trade unions. Social packages govern the rights and obligations of employees and the employer, and frequently contain guarantees with regard to employment or remuneration.

It should be emphasised that by-laws and collective agreements may not determine employees' rights and obligations in such a way that they are less favourable than those provided by the Labour Code.



Termination of an employment contract under Polish law

Employment contracts may be terminated for various reasons concerning the employee or for reason independent of the employee.

The employment relationship may be terminated individually or within the collective redundancy process.

The Act on Specific Conditions for Terminating Employees' Employment for Reasons not Attributable to Employees of 13 March 2003 sets out the criteria to distinguish between both situations and to provide additional, when compared to the Labour Code, obligations of the employer and rights of the redundant employee.

Termination of an individual employment relationship

The employment relationship may cease as a result of the expiry of the employment contract (e.g. upon the employee's death or in other defined circumstances) by way of an earlier termination of the employment contract.

The Labour Code sets out the following methods for terminating an employment contract:

- mutual agreement of the parties,
- a statement by one of the parties, observing a notice period – 'termination with notice',
- a statement by one of the parties, without observing a notice period – 'termination without notice',
- the expiry of the period for which it was concluded,
- the completion of the task for which it was concluded.

Where an employment contract is terminated by mutual consent, the parties will settle all issues connected with termination between themselves, in particular the termination date and financial conditions of the employee's departure, though they can not deprive the employee of the rights provided by legal binding provisions. The employment contract may be terminated by mutual consent at any time, even during the notice period given by one of the parties.

The termination of the employment contract with notice is a very common method of termination. The notice period depends on the type of agreement and the employee's length of service. The employer must justify the termination of the employment contract for an unlimited period. The grounds presented by the employer must be real and precise. The employee may appeal to a court against the dismissal and claim its illegal character and unreal, imprecise or intangible character. The employee does not have to justify the termination of the contract with notice.

Employment contracts may be terminated without notice (a) due to the fault of the employee, e.g. where the employee substantially fails to perform his basic duties, or where the employee, through his own fault, loses the qualifications required to perform the work, and (b) in certain cases defined by the Labour Code, where the employee is not at fault, e.g. due to a long-term absence caused by the illness of the employee or when the employer is at fault.

It should be emphasised that an employee whose employment contract is terminated, with or without notice, has the right of appeal to the Labour Court. If the court determines that the termination of the agreement was unjustified or unlawful, then the employee may claim either re-instatement at work or compensation.

Collective dismissals

The rules for making collective dismissals are outlined in the Act on Specific Conditions for Terminating Employees' Employment for Reasons not Attributable to Employees of 13 March 2003, which applies to employers employing at least 20 employees.

A collective dismissal takes place where, within a period of 30 days and for reasons not attributable to the employees, the employment relationship is terminated with at least:

- 10 employees, where the employer employs fewer than 100 employees,
- 10% of employees, where the employer employs between 100 and 300 employees,
- 30 employees, where the employer employs 300 or more employees.

An employer making collective dismissals must follow the procedure provided by the act, part of which involves negotiations with trade unions, or consultations with employee representatives where trade unions are not present in the workplace. The aim of these is to define rules for making redundancies.

On the termination of the employment relationship as part of a collective dismissal, employees are entitled to a severance pay of one, two or three months' gross remuneration, depending on their length of service with the employer. The guaranteed minimum severance pay is calculated according to the length of service, up to 15 times the minimum wage. Employers may not pay less than the guaranteed minimum, but can pay more at their discretion.

The same severance pay is due to an employee made redundant for reasons not attributable to the employee dismissed individually.

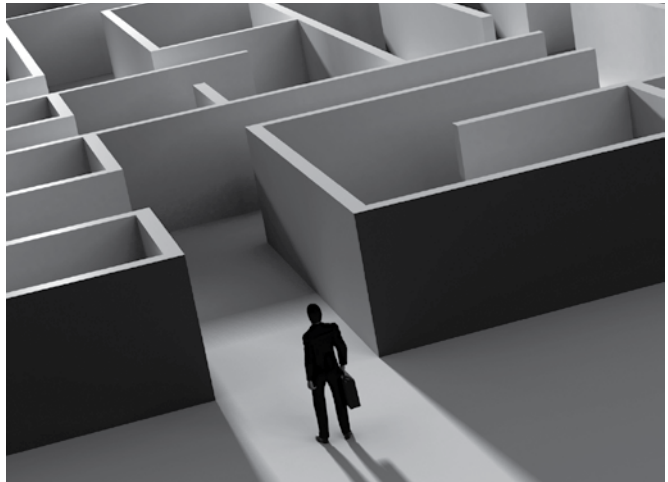


Free movement of workers

Since Poland's accession to the European Union, Polish workers have enjoyed the basic freedoms of the common market, which basically means the freedom to take employment in all EU member states. At the same time, workers from other EU member states gained the freedom to work in Poland.

The adoption of the free movement of workers has also resulted in adopting the principles of co-ordinating social security systems. This allows employees to enjoy social security benefits, welfare benefits and health services across the European Union.

Regardless of the possibility of direct employment in the EU member states, European Union citizens are able to work temporarily in another EU member state without needing to be employed in that member state and without having to change their current social security system, i.e. under secondment. At present, the ability to remain employed by your employer and to remain under the current (national) social security system while working in other EU member states is quite widely used by Polish and foreign employers.



Representation of the collective interests of employees

In terms of collective labour relations, employees are represented by trade unions, works councils and the European Works Councils. Of these, trade unions have the widest scope of activity.

If employees do not have a representative at their employer and certain steps in the field of collective labour law are required, such as agreeing on rules of the social benefits fund or consultations with representatives of employees in connection with an intention to carry out group dismissals, then the employees are represented by elected representatives.

The law does not prevent employers and employees from introducing forms of representing the collective interests of employees other than those set out below, both where employees are represented by the above bodies or not.

Trade unions

In Poland, trade unions represent their members, and in some cases also non-members, in individual cases of labour law. Their basic task, however, is to represent the collective interests of all employees, including non-members, in relations with employers.

Trade unions monitor compliance with labour law regulations and help supervise compliance with the principles of occupational health and safety. Employment by-laws, remuneration by-laws, bonus by-laws and collective labour agreements are generally all established in agreement with the unions. With their input, the employer establishes the rules of a company's social benefits fund and the distribution of its funds for specific purposes.

Trade unions can lead collective disputes regarding working conditions, remuneration or social benefits, as well as the rights and freedom of workers to unite, and also organise strikes. In addition, the unions are involved in the procedure of



carrying out collective redundancies. In the case of a transfer of employees, the unions are informed about the principles of the transfer, or the employer negotiates with them issues such as a change in remuneration and working conditions of the transferred employees.

Finally, unions benefit from special rights of access to information from the employer and the right to equipment provided by the employer for trade union activities. In addition, certain trade union representatives have the right of exemption from the obligation to work with the right to pay, and their employment is protected against termination or adverse change for the period that they hold office on the union governing body.

Works councils

Works councils were introduced into Polish law in 2006. The councils are established only in Polish employers with at least 50 employees, and only at the request of employees. Council members are elected in direct and secret elections.

The councils play an information and consultation role. Works councils should be informed or consulted on issues relating primarily to employment. Works councils have access to economic and employment-related information. Members are elected for a set period, and upon the expiry of their terms of office, the employees elect the next council members.

Like trade unionists, employment contracts with members of a works council are protected against termination or adverse change.

European Works Councils

A European Works Council may be created in companies and groups of companies operating across Europe. They are composed of representatives of employees from individual EU member states. While the rules of trade unions and works councils are subject to Polish law, the European Works Council may come into existence under a foreign law, i.e. the law of another EU member state.

The aim of a European Works Council is to provide employees of supranational employers with the right to information and consultation on the economic situation, level and structure of employment and their changes, as well as changes in the location of companies and on mergers and divisions of companies.

The employment contracts of members of European Works Council also benefit from special protection of the employment relationship against termination or adverse change.



II.

Employees' and employers' responsibilities

The compulsory social insurance system in Poland

Kinds of social insurance

The Polish social insurance system includes the following elements:

- old-age pension insurance schemes,
- disability insurance schemes,
- insurance scheme in case of sickness and maternity,
- work accident and occupational disease insurance scheme.

The legal act regulating the social insurance in Poland is the Law on the Social Insurance System of 13 October 1998 (Journal of Laws of 2009, No 205, Text 1585, as amended).

Compulsory old-age and disability pensions cover in particular the following individuals in Poland:

- employees, except for public prosecutors,
- people working from home,

Remitters of social insurance contributions

- members of agricultural co-operatives,
- people working on the basis of an agency agreement, a contract to perform a specific task or any other service agreement; people conducting non-agricultural business activity and people who co-operate with them,
- people on childcare leave or recipients of maternity allowances,
- other people, a list of whom is presented in the Law on the Social Insurance System.

Compulsory sickness insurance covers the following people:

- employees,
- members of agricultural co-operatives,
- anyone undergoing substitute military service.

Compulsory work accident insurance covers people subject to compulsory pension and disability insurance.

'Remitters' are responsible for correctly calculating social insurance contributions, in compliance with social insurance reporting requirements, and paying contributions to the Polish Social Insurance Institute (called ZUS). This concerns the part financed by the employer, as well as the one financed by the employee. The preparation of documents confirming the calculation of contributions (ZUS DRA) and their payment is made on the monthly basis, i.e. by the 15th day of the month following the month to which the settlement refers.



Social insurance interest rates

The interest rates for old-age pension, disability and sickness insurance schemes are equal for all insured persons and they are as follows:

- old-age pension insurance – 19.52% of the social contribution basis (9.76% of the gross salary of the employee and 9.76% is paid by the employer),
- disability insurance – 6.00% of the social contribution basis (1.5% of the gross salary of the employee and 4.5% is paid by the employer),
- sickness insurance – 2.45% of the social contribution basis (all from the gross salary of the employee).

The interest rate on contributions for work accident vary from 0.67% to 3.33% of the social contribution basis and are entirely covered by the employer.

The contributions for old-age pension and disability insurance in a given calendar year are paid up to the limit equivalent to 30 average Polish salaries in a given calendar year. If this limit is exceeded, the pension and disability insurance contributions stop being calculated, both in the part financed by the employer and in the part financed by the employee. In 2011, the maximum annual amount of social contribution basis for old-age pension and disability insurance is PLN 100,770.

Additional charges incurred by employers

Apart from compulsory social insurance contributions, employers also pay health insurance contributions for employees, in the amount of 9% of the health contribution basis (health insurance contributions come out of the gross amount of the employee's salary), tax advance for personal income tax (the advance for personal income tax comes out of the gross amount of the employee's salary). In addition, employers pay contributions for the Labour Fund in the amount of 2.45% of the social contribution basis (entirely financed by the employer) and for the Guaranteed Employee Benefits Fund in the amount of 0.10% of the social contribution basis (entirely financed by the employer).

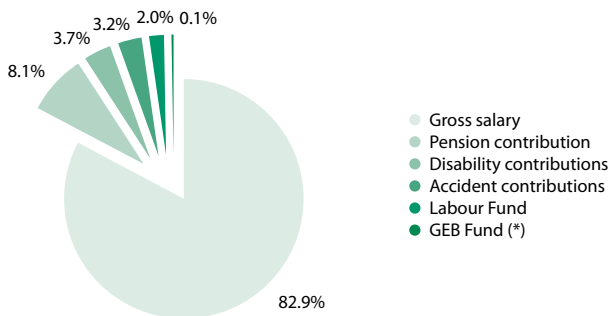
EU, EEA and Swiss employees

It should be noted that, under EU rules, employees moving within the European Union, the European Economic Area and Switzerland, are subject to a single legislation concerning social security. As a rule, employees seconded from the territories specified above in order to work in Poland are subject to the Polish social insurance legislation system. There are some exceptions to this rule, and detailed rules for applying the appropriate legislation system are presented in Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the co-ordination of social security systems.

Total employment costs

To conclude, the costs of social insurance contributions, together with costs of the Labour Fund and the Guaranteed Employee Benefits Fund may amount to 20.14% at most (depending on the work accident insurance rate applying at a given employer). These costs increase gross employment costs.

Total employment costs incurred by the employer



(*) Guaranteed Employee Benefits Fund

Sickness insurance benefits

Anyone covered by sickness insurance is entitled to relevant cash benefits.

Sickness insurance benefits include, among other things, the following benefits:

- sickness benefit,
- maternity allowance,
- carer's allowance,
- rehabilitation benefit.

The allowance basis for sickness benefit, maternity allowance or carer's allowance is the amount of monthly remuneration (income) paid for the period of 12 calendar months preceding the month in which the employee becomes incapable for work.

Sickness benefit and remuneration for the time of the illness

For the time of the incapacity for work due to illness, or due to isolation in connection with illness, lasting in total up to 33 days in the calendar year (and in the case of an employee over 50 years – lasting in total up to 14 days in the calendar year), the employee retains the entitlement to remuneration for the time of the incapacity for work, and such remuneration is paid by the employer.



Starting from the 34th day (or 15th day as appropriate) of the period of the incapacity for work, the employee is entitled to receive sickness benefit.

The right to sickness benefit is assigned after 30 days of uninterrupted obligatory sickness insurance (for example in the case of employment contracts), or after 90 days of voluntary sickness insurance (for example in the case of civil law contracts).

The sickness benefit is granted for the period of the incapacity for work due to illness or due to an inability to perform work, but not longer than 182 days and, if the incapacity for work is caused by tuberculosis or if it occurs during pregnancy – not longer than 270 days.

The amount of sickness benefit is as follows:

- 80% of the allowance basis,
- 70% of the allowance basis for the period of being hospitalised,
- 100% of the allowance basis, if the incapacity for work occurs, among other things, during pregnancy or if it was caused by an accident on the way to or from work.

Maternity allowance

Maternity allowance is granted for the following periods:

- 20 weeks, if one child is born in a single childbirth,
- 31 weeks, if two children are born in a single childbirth,
- 33 weeks, if three children are born in a single childbirth,
- 35 weeks, if four children are born in a single childbirth,
- 37 weeks, if five or more children are born in a single childbirth.

Since 1 January 2010, the employee has also the right to benefit from additional maternity leave during the following periods:

- up to two weeks – if the employee gives birth to one child,
- up to three weeks – if the employee gives birth to more than one child in a single childbirth.

From 1 January 2012, the length of the additional maternity leave will amount to four or six weeks respectively.

Starting from 1 January 2010, the employee – a father bringing up his child – is entitled to additional paternity leave of one week (from 1 January 2012 this is two weeks), to be taken before the child is 12 months old.

The maternity/paternity allowance amounts to 100 % of the allowance basis.

Carer's allowance

A carer's allowance may be granted to a person covered by sickness insurance whose absence at work is excused due to his or her direct involvement in looking after:

- 1) a child up to the age of eight years, in the following cases:
 - a. the unpredictable closing of a nursery, kindergarten or school that the child attends,
 - b. childbirth or illness of a spouse who constantly takes care of the child, in case the childbirth or illness prevents the spouse from looking after the child,
 - c. if the spouse who constantly takes care of the child enters a residential medical care facility,
- 2) a sick child up to the age of 14 years,
- 3) another sick relative.

The carer's allowance may be granted for the period of being excused from work due to his or her direct involvement in looking after a family member, but not longer than:

- 60 days in the calendar year, in the case of child care,
- 14 days in the calendar year, in the case of looking after other relatives.

The child care allowance amounts to 80% of the allowance basis.

Rehabilitation benefit

The rehabilitation benefit may be granted to a person covered by sickness insurance who is still incapable of working after having exceeded the time limit for sickness benefit, but whose further treatment or rehabilitation will probably result in recovering the ability to work. The rehabilitation benefit might be granted for up to 12 months. The rehabilitation benefit amounts to 90% of the allowance basis in the first three months, and to 75% of the allowance basis in subsequent months.

Personal income tax (PIT)

Unlimited tax liability

Individuals residing in Poland are subject to unlimited tax liability in Poland, which means that they are taxed in Poland on their total income earned worldwide (i.e. regardless of where the source of their income is located).

The following individuals are considered to be Poland tax residents:

- 1) those who have the centre of their personal or economic interests (centre of vital interests) in Poland, or
- 2) those who stay in Poland for longer than 183 days during the fiscal year.

Limited tax liability

Individuals not residing in Poland have limited tax liability and are subject to taxation in Poland only with respect to the income earned in Poland.

The above regulations are applied taking into account the double taxation treaties concluded by the Republic of Poland.

Personal income tax payment

Personal income tax (PIT) might be:

- deducted during the fiscal year by the tax remitter (i.e. the party that is responsible for remitting the personal income tax on behalf of the taxpayer) in the form of advances and paid by the 20th day of each month following the month to which the tax calculation refers, or in the form of a lump-sum tax,
- paid during the fiscal year directly by a taxpayer who conducts non-agricultural business activity, in the form of monthly or quarterly advances,
- in case of income from sources located abroad, PIT is paid during the fiscal year directly by the taxpayer in the form of monthly advances (by the 20th day of each month following the month to which the tax calculation refers).

Taxpayers also have to file annual tax statements to the relevant



tax office, declaring the amount of income earned in a given fiscal year. These statements have to be submitted by 30 April of the following year for the previous fiscal year. The same deadline applies to the payment of due tax or payment of the difference between the due tax on income resulting from the amount declared in the annual tax statement and the sum of tax advances due for a given fiscal year, including also the sum of advances already collected by tax remitters.

Taxpayers subject to limited tax liability in Poland who intend to leave Poland before the deadline fixed for the annual filing of the tax statement, must file the statement to the tax office before they leave Poland.

Filing a joint income tax return

Spouses and anyone bringing up a child alone are entitled to file a joint income tax return, provided that they meet certain conditions. This rule also applies to spouses where one of them is subject to unlimited tax liability in Poland and the other resides in another EU Member State or a country belonging to the European Economic Area (EEA) or in the Swiss Confederation, and also if each of the spouses resides in those countries, provided that the income earned by the spouses in Poland amounts at least to 75% of the total income earned during a given fiscal year, and that they have filed a residence certificate documenting the place of their residence for tax purposes.

Methods of calculating personal income tax

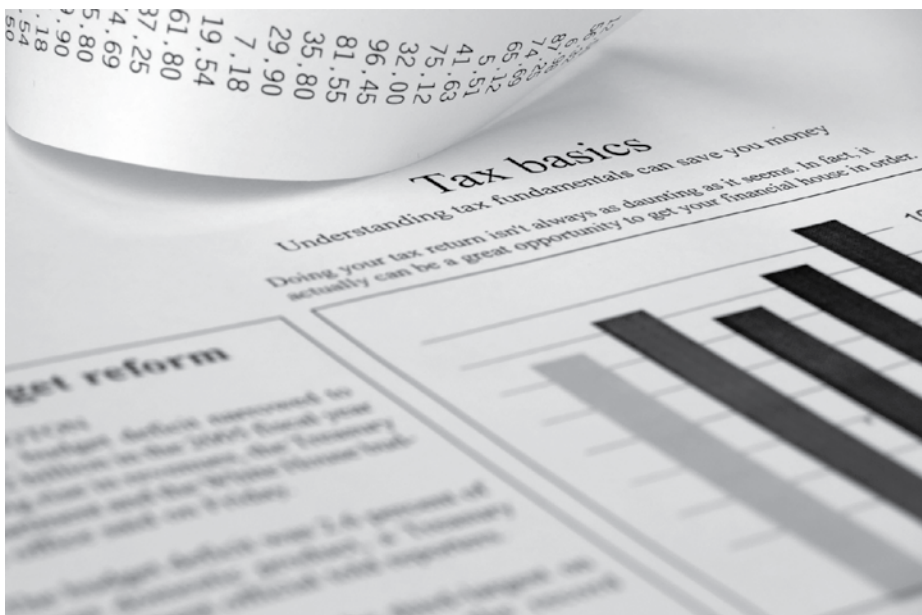
Personal income tax (PIT) may be calculated according to the following methods:

- using the tax scale (the scale presented below is valid for the year 2011):

Basis for calculating personal income tax in PLN		Personal income tax rate
over	up to	
	85 528	18% minus amount decreasing the tax PLN 556,02
85 528		PLN 14.839,02 + 32% of surplus over PLN 85 528

At the same time, if the employee expects to earn a significant income in a given fiscal year and knows he or she will pay the tax advances basing on the higher tax threshold, then after meeting certain conditions he or she may ask his or her tax remitter (by filling an appropriate statement) to calculate his or her tax advances using the lower tax rate:

- 19% tax rate in the case of the tax on income from non-agricultural business activity or from special branches of agricultural activities,
- lump-sum tax,
- 19% tax rate in the case of income from capital gains,
- 19% tax rate in the case of income on the sale of property and rights.



III.

Employee benefits

Shares transferred to employees

Generation of income

Transferring shares to employees at preferential prices or free of charge constitutes an additional employment revenue subject to taxation (Article 11 item 1 and Article 12 item 1 of the Personal Income Tax Act) and to social insurance premiums. For the employee, a taxable revenue is also generated when selling shares purchased on preferential terms.

Tax exemption

The employer may be exempt from the tax obligation and social insurance premium payment related to the sale of shares to employees under certain conditions. According to the current wording of Article 24 items 11, 12 and 12a of the Personal Income Tax Act, revenue constituting a surplus of the market value of shares acquired by authorised persons and the expenses incurred on their acquisition is not taxable upon the acquisition of those shares, as long as the shares were acquired under a resolution of the general meeting of shareholders, and shares in companies with registered offices in the EU or the EEA. This regulation concerns both the shares of new issues as well as old issues.

Tax obligation upon the sale of shares

Upon selling shares, (provided that the conditions laid down in article 24, section 11,12 and 12a of the PIT Act are met), the employee generates a capital gain (Article 17 item 1 point 6 of the Personal Income Tax Act), taxable at a 19% rate of income tax (not 18% or 32% as in the case of employment revenue), which is particularly favourable for anyone whose annual revenues exceed the first tax threshold. The employee is obliged to settle the revenue in a PIT-38 declaration by the end of April of the year following the fiscal year in which the shares were sold.

Double taxation

If the conditions stipulated by Article 24 item 11 of the Personal Income Tax Act are not met, it will result in double taxation (e.g. shares acquired other than under a resolution of the general meeting of shareholders, or shares in companies from outside the EU or the EEA). On the one hand, the purchase of shares results in employment revenue for the employee and the obligation for the employer to calculate and withhold the advance personal income payment (18% or 32%) and to pay the social insurance premium, while on the other hand, when the employee sells the shares, he or she is obliged to settle the revenue gained with a capital gains tax rate of 19%.



Employee's prepaid medical care package v employer's premium and tax obligation

Generation of revenue

An employer granting an employee the right to benefit from medical care in the form of a prepaid package, including the employee as well as his family, provides a benefit in-kind, which constitutes employment revenue. According to Article 12 item 1 of the Personal Income Tax Act, employment revenues include cash benefits incurred for the employee, as well as the value of other gratuitous benefits or shared cost benefits.

Obligation of tax and premiums calculation

The value of the prepaid medical care package paid for the employee must be added to the employee's remuneration for the month in which it was paid by the employer and, as additional employment revenue, is subject to obligatory tax and premium for social insurance. The employer is obliged to calculate tax and premiums not only when the value of benefit is assigned to a given employee, but also when the package is paid at flat-rate, notwithstanding the fact whether or not the employee profited from services included in the package.

Establishing the value of benefit

In order to add a relevant sum to the employee's revenue, it is necessary to establish the cash value of the benefit. According to Article 11, item 2 and 2 a) of the Personal Income Tax Act (PITA), the cash value of benefits in-kind is established based on market prices, including in particular the condition, wear, as well as time and place of acquisition of those benefits (with regard to Article 12 item 2 PITA). The subject of the benefit used by the employee within the package being services; the value added to the remuneration is the price of acquisition paid by the employer to the medical centre. Where the costs of a medical package are shared (partly paid by the employee), the employee's revenue comprises the difference between the value of those benefits, i.e. the price of purchase of the package and the costs incurred.

Exemption from tax and premiums

Exemptions from tax, according to Article 21, item 1, point 11 of PITA, relate to the value of costs incurred by the employer for medical services resulting from the obligatory occupational medicine and preventive care related to working conditions. The employer is not obliged to collect advances or premiums for social insurance from this kind of benefit.



IV.

Insurance – employee benefits

Group accident life insurance – added value

An additional life insurance or accident insurance may constitute an important element of the motivation scheme of a company. Group insurance is one of the cheapest non-salary benefits.

Employers on the Polish market can purchase following types of insurance for employees:

- group life insurance, with various financing options, as listed below,
- group accident insurance (consequences of personal accidents),
- individual life insurance.

Group insurance can be:

- financed by the employees themselves,
- financed by the employer,
- co-financed by the employer.

In the case of group insurance policies, the employer is a party

Broader scope of protection

Methods for optimising group insurance costs

to the agreement and the employee is the insured. In the case of individual life insurance policies, it is the employee who is a party to the agreement and transfers, to the employer, the obligation to pay insurance premiums.

The form of group life insurance policies is more favourable for the employer, and a group agreement may cover even a relatively small group of employees. Group insurance is much cheaper than individual insurance, with significant percentage differences between premiums. Reduced premiums result from the fact that insurance protection concerns professionally active employees who had undergone medical check ups as required by labour law.

For groups, the terms and conditions of an insurance agreement can be individually negotiated and tailored to the needs of the company. Furthermore, group insurance can be concluded without the risk assessment procedures, or with the guarantee that the employee will be insured for a specific insurance sum (free cover limit) regardless of the employee's state of health, provided that they remain employed.

Group insurance policies are more easily administered due to their uniform expiry/renewal date and a lower number or obligations arising under the agreement for the premium contributor, such as, for example, the issue of indexation.

For companies with foreign capital, one of the easiest ways to optimise the terms of a group life or accident insurance is to conclude an insurance agreement under an international pooling scheme. An agreement concluded under a pooling scheme allows more favourable conditions to be obtained in terms of insurance premiums, ensures more flexibility as to the contents of the agreement, and may involve a partial refund, following the termination of the insurance period, of the contributed funds, if such a refund is provided for in the agreements at the headquarters' level and provided that the technical outcome of the scheme is positive.



When negotiating the terms and conditions of insurance, such companies are assisted by an insurance broker, who can also provide services in other areas of the insurance scheme, which brings tangible savings both at the price level and the scope of protection.

The insurance market for group policies is so dynamic that it is advisable to periodically review offers. Here it is also worth using the assistance of professional insurance consultants, who do not only keep track of changes on the market, but very often initiate such changes themselves.

The general terms and conditions of group life and accident insurance policies should be modified in the area of definitions or exclusions of liability in order to obtain an optimised product. In addition, the negotiation position towards the insurance company depends on the scale of the undertaking. Consequently, when negotiating an agreement, it is worth using the effects of scale by, for example, creating purchase groups, increasing the number of insured employees owing to the employer's participation in the insurance premium, or simply by engaging large insurance broker companies to negotiate the terms of insurance policies.

Concept, implementation and servicing of group insurance policies – the role of an insurance broker

When conceiving, implementing and administering an insurance scheme, it is worth employing professional insurance brokers who may offer their services in the following areas:

- group life insurance,
- employee Pension Schemes and savings plans,
- health care plans,
- health insurance,
- accident and sickness insurance.

An insurance broker, who co-operates with Polish insurers offering general and life insurance policies, with medical clinics, investment funds and foreign markets for health, disability and

payment protection insurance policies, guarantees to provide an effective insurance solution that is tailored to the client's needs.

It should be noted that insurance contracts concluded through a broker may contain many more favourable clauses than the standard contract forms. Broker's clauses add details and expand insurance protection by changing provisions on liability exclusions, definitions of events, liability limits, conditions for policy renewal, etc.

An insurance broker specialising in personal insurance policies may assume the following duties:

- providing consulting services such as the verification of current insurance contracts, designing insurance schemes, assistance in budgeting, devising questionnaires, and benchmarking,
- drafting requests for quotations, gathering and comparing offers, negotiating the terms of contracts, recommending offers,
- providing full support during the implementation of the scheme, from drafting information materials to carrying out presentations for employees,
- providing software to streamline the process of handling the insurance scheme and paying out benefits.

As a result, the client gains optimised terms and conditions of insurance contracts and long-term support in handling and managing the scheme, as well as control over its implementation, including expert assistance in claims handling procedures, asserting claims on behalf of the insured, calculating premiums, drafting reports, keeping records of the insured and renegotiating contract terms in subsequent years.

As part of such services, the client's employees are offered the possibility to purchase other insurance products, i.e. property insurance (houses, cars) or travel health insurance that can be taken out and further handled without the participation of the employer.



Possibility to modify the general terms and conditions of insurance

The standard general terms of insurance can comprise a number of clauses that are disadvantageous to the insured, such as:

- the need to meet specific requirements in order to take out insurance,
- the need to obtain a specific number of individuals to take out insurance,
- waiting periods,
- exclusions, etc.

One of the main tasks of an insurance broker is to optimise the terms of the insurance, as well as other elements of the insurance product. During negotiations, it is often possible to remove many defects in the insurance contract. The negotiation strength is strictly connected with the scale of the project.

The exceptions that can possibly be negotiated, even for a small group of insured, include: the removal of the waiting period, the granting of continuity of insurance for those who resign from group insurance policies, a reduction in the number of insured limits, clarifying and changing or waiving liability exclusions.

Certain exceptions are particularly difficult to obtain and can be introduced only in contracts for medium-sized or large companies. These include, in particular, introducing a clause providing for a share in the profit with a sufficiently high yield for the insuring party, or changing the definitions of illnesses or waiving the risk assessment.

In exceptional circumstances, it may even be possible to change the clause under which the insurer bears no liability where an illness (insurance event), identified before the employee entered into the insurance contract, serves as grounds for claims during the insurance period.

Additional employee benefits – no additional costs

The employer may provide for the basic insurance needs of its employees without incurring any costs whatsoever. Insurance schemes established in workplace cover not only life insurance,

which is applied by practically all companies, but also private property and car insurance, as well as health, accident and third party liability insurance.

Employees who use products under employee schemes receive much more favourable terms and conditions than the standard ones available on the market. They very often also have access to non-standard products and consulting services of insurance brokers.

Other benefits to the employee include the ease in settling premiums (where it is deducted from the employee's salary), payment of premiums by instalments, access to product comparing tools, transaction modules, etc.

In the area of personal insurance, it is the employer who is a party to the insurance contract and the insurance premium is deducted from the employee's remuneration. This way the employer is the administrator of the insurance contract and it often happens that employees in charge of this task receive remuneration from the insurer. We are currently witnessing a change concerning insurance administration contracts, namely the fact that these contracts are being concluded by the employer itself.

Old-age pension insurance

Law amendments



Recent amendments to law were intended to encourage the Polish society to put aside extra savings. The Act Amending Certain Laws on the Operation of the Social Security System of 25 March 2011 (Journal of Laws No 75, item 398) introduces changes to the Act on Individual Old-age Pension Accounts by providing for a possibility to establish, irrespective of an existing individual old-age pension account (IKE) an additional, individual retirement security account (IKZE).

The element of tax relief is one of the basic differences between IKZE and the individual old-age pension account (IKE) that has been available for a couple of years now. In the case of IKE, contributions are made from funds subject to income tax, but in turn the client is exempted from the tax on capital gains, i.e. there is

no need to pay income tax when the savings are paid out. The tax incentive proposed by IKZE shifts tax liabilities towards the future, i.e. the money contributed to the new account are not subject to PIT (are deducted from the revenue), but upon their release will be treated as the saver's income and taxed accordingly. Contributions towards IKZE during a calendar year cannot exceed four per cent of the basis for the old-age insurance contribution, as set for the saver for the previous year, and no more than four per cent of 30 times the average monthly wage in the economy, i.e. currently approx. 100 thousand zlotys. If it were possible to make contributions towards IKZE already this year, the maximum amount that could be set aside on this account would be approx. 4 thousand zlotys, which is 2.5 times less than in the case of IKE.

Available products providing for individual savings for old age also differ in terms of conditions for the release of savings. It can be summarised that both products provide for a different age threshold that gives you the right to pay out funds without losing the right to tax relief, i.e. 60 years for IKE and 65 years for IKZE. Although in both cases money may be paid out in advance, this will require you to pay the due tax on capital gains or income tax.

IKE seems to be more advantageous in terms of inheritance of savings in the event of the death of the account holder, as the funds are tax-free. In the case of IKZE, the heirs have to pay income tax.

Around 800 thousand Poles have individual old-age pension accounts, though only 250 to 300 thousand people make regular contributions. According to the latest survey carried out by CBOS at the request of the Chamber of Fund and Asset Management (IZFiA), barely two per cent of the respondents strongly declare that they intend to take advantage of IKZE, and 14 per cent declare that they might do so. The younger the respondents, the more eager they are to make such declarations.

The decision on whether to choose IKE or IKZE should be based on the estimation of the current and future tax liabilities, which is

Employee savings plans v employee old-age pension schemes

a difficult task since we do not know yet the future structure of the tax system. IKZE may yet prove to be an interesting form of saving for those who expect their revenues to decline in the future. Either way, by saving with IKZE we can benefit from tax relief, whereas in the case of IKE, the real advantage will be visible upon retirement. Yet the experts emphasise that clients may find the structure of IKZE much more interesting than that of IKE. Indeed, the former encourages its holder to make savings and deduct the invested amounts from the revenue that serves as the basis for taxation with PIT, which results in an immediate tax relief.

Employee old-age pension schemes (PPE), an element of the 3rd pillar of the retirement system in Poland are much less popular compared to group insurance policies combined with insurance capital funds (UFK). In 2010, only 2.13% of the general economically active population were covered by PPE, whereas, according to data from the Financial Supervision Authority (KNF), premiums for group insurance policies combined with insurance capital funds were more than six times higher than the respective premiums for PPE.

Meanwhile, experience shows a definite cost advantage of PPE over other products. Apart from the lowest operational costs, the basic advantages of PPE include:

- the possibility to deduct the basic premium (paid by the employer) towards PPE, of no more than seven per cent of a given employee's remuneration, from the social security contribution basis,
- exemption from capital gains tax.

The premium towards a group insurance, combined with an insurance capital fund (UFK), serves as the basis for calculating the social security contribution and constitutes an additional cost both for the employer and the employee, and the capital gains are subject to taxation.

A PPE's insurance coverage may also be cheaper compared to that offered by a group insurance policy, i.e. with a similar amount of premium allocated towards insurance protection, insurance

sums offered under PPE are much higher than those offered by group insurance policies.

When deciding on the creation and structure of a PPE, one should take into account the following aspects:

- the need to establish a single criterion for employees' eligibility for PPE,
- the premium towards PPE is deducted from all components of the remuneration,
- the need to consult and agree on the contents of the contract with employee representatives,
- the premium cannot exceed seven per cent of a given employee's remuneration,
- no possibility to diversify premium amounts,
- no possibility to apply the principle of "matching" (the employer pays the premium provided that the employee has declared it),
- no possibility to apply the principle of "vesting" – the funds paid into the employee's account remain his or her property regardless of the form of termination of the employment contract.

Along with establishing a PPE, it seems worth concluding a group life insurance contract to maintain insurance protection for employees who are incapable of work, but who remain employed. A combination of these two products adds flexibility to the scheme.

When establishing a PPE, an employer may benefit from reductions in social security contributions. The value of the premium covered by the employer is not included in the employee's remuneration that serves as a basis for calculating obligatory contributions towards the old-age and disability pension system.

From the employee's point of view, contributions towards PPE are subject to PIT (as the employee's revenue), so the capital gains achieved by the participants on the investment of premiums and the paid out benefits are free from PIT.

Despite these incentives, PPE are among the elite benefits offered by employers, but their market share is constantly growing. In fact, the value of assets gathered under employee old-age pension schemes (PPE) has increased by 26% over the last two years.

Employee healthcare

Private medical subscription v health insurance

Providing employees with preventive medical care and periodic medical checkups, as required by the provision of the Act on Occupational Healthcare, is one of the basic duties of every employer. An investment in the health of employees consisting in broadening the scope of healthcare by non-statutory medical services and preventive examinations has been perceived during these last ten years by employees as the most important non-salary benefit offered by the company. Hence, the financing of private healthcare has become a common practice in Poland and resulted in a dynamic development of subscription companies, which nowadays provide 90% of commercial medical services sponsored by employers.

For more than five years now, insurers have been trying to gain a share in the market for private healthcare, but the lack of new legal regulations, even the basics such as a precise definition of private health insurance policies, substantially hinders this process.



Insurers are more competitive than subscription companies, offering direct access to doctors within their own networks in that they offer increasingly attractive additions to the outpatient medical services such as contracts with small, specialised medical units, the possibility of receiving a refund of the cost of medical services performed outside the insurer's network of providers, or a refund of the cost of medication and rehabilitation equipment and treatment etc.

In order to provide their employees with medical services that go beyond the standard subscription services performed within the employer's own network of providers, employers increasingly opt for replacing them with health insurance policies.

Bearing in mind the client's needs and expectations on the one hand, and having knowledge of the product capacity of insurers, an insurance broker creates a market for health insurance by leading business partners into the path of slow development towards prevention and health promotion at an acceptable price. Polish society is gradually maturing to such changes, but the scope of basic medical services is still limited to doctor's visits and diagnostics.

Insurance for employees on business trips – employer-friendly products

An employer instructing an employee to go on a business trip should take into account the risk of the significant additional cost of medical treatment of that employee abroad. Employers can hedge against this risk by taking out relevant insurance.

While travelling to EU member states, employees are covered by health insurance under provisions on the co-ordination of social security services within the EU. In an emergency, employees may use the services of public healthcare on the same terms and conditions as the citizens of a given country. The mere fact of undergoing medical treatment in accordance with the rules applicable in the given country does not guarantee the full coverage of costs, and often requires partial payment for medical services or medications. Employees travelling outside the EU are not covered by health insurance guaranteed under the European system.

Employers can insure themselves against such unpredicted costs by buying insurance of the costs of medical treatment, which can be combined with assistance services. Protection under such an insurance policy may even extend to cover the cost and organisation of a replacement business trip. If an employee falls ill or suffers from an accident that prevents the continuation of the business trip, the insurer will incur the cost and the effort of organising a business trip for a replacement employee. This service minimises the employer's risk of losses in connection with a sudden illness of an employee.

In addition, a sufficiently broad insurance coverage may also protect an employer against potential costs of the cancellation or delay of a business trip, ensuring that the employer is reimbursed for the cost of all security deposits and advances towards lodgings and transportation, in the event that a planned business trip has to be cancelled or delayed.

The conclusion and subsequent administration of an insurance contract is employer-friendly as it does not require the employer to notify the insurer in advance about a business trip or to pay premiums beforehand. The employer only needs to provide an estimated number of man-days foreseen for a given year and pay the premium calculated on that basis. The employer will only be involved where losses occur or the policy is to be renewed for another year.

The cost of insuring a business trip is minor compared to the potential risk of the employer. A well-structured product is both convenient for the employer and ensures proper protection for the employee on a business trip.

Group hospital insurance – new product on the Polish market

Private hospital insurance policies have long been used in most European countries and the USA and Canada. Such insurance products are now also available in Poland.

Private health insurance policies, covering planned and emergency procedures for in-patient care are the most reasonable form of spreading the high cost of unexpected illness or the need to seek specialised surgical care as a result of an accident.

Comprehensive, private health insurance covers:

- partial or full scope of planned medical procedures (major and minor surgeries);
- diagnostic stay (including tests and medication);
- full coverage of medical services and costs of potential post-procedure complications;
- access to and organisation of specialised procedures both in public and private hospitals in Poland, Europe and worldwide;
- possibility to extend the contract despite the high medical loss ratio.

What significantly distinguishes the services of insurance companies from those that offer subscription services is a wide array of complementary services that go beyond the guaranteed benefits list. In order to take full advantage of hospital insurance policies, we only need a law on additional health insurance, enabling citizens, in accordance with the Constitution, to take care of their health themselves. This would in turn give the hospitals the right to officially provide remunerated services, thus avoiding the currently common allegations of mixing public and private funds.

Insurance for senior managers under their management contracts

Management contracts often contain clauses that provide for the employer's obligation to finance life insurance, optionally together with an insurance capital fund. The contract usually specifies the amount of the insurance premium to be covered by the company and the insurance sum, and leaves the employee the freedom to choose the insurer and the form of insurance policy.

In such cases, managers can choose from a wide offer of individual insurance policies and the conclusion of an insurance contract is preceded by a full medical check-up. This means that, due to the employee's health condition, he or she may be offered worse insurance conditions than those specified in the application for insurance. In extreme cases, the insurer may

even refuse to underwrite a contract. Either way, the employee will receive a standard, high-cost product, with no surrender value during the first few years of its operation.

An alternative to individual policies is offered by group products, characterised by substantially lower costs, wider scope of insurance coverage and the possibility to modify the general terms of insurance. The cost of buying such products may depend more on the insurance budget than on the number of the insured.

If a company already uses a group insurance, a good solution would be to create a sub-group, with key managers as the insured. The combination of a group insurance with a scheme addressed to managers allows us to benefit from the effects of scale, i.e. a lower premium and more relaxed medical assessment procedures.

Many insurers would not agree to conclude a group insurance for a small group of employees, not to mention a one-member group. For that reason, it is worth using the services of insurance brokers who have access to offers of various insurance companies and broad negotiation possibilities. Some brokers have their own schemes, with elements that go beyond standard solutions. When choosing the right offer for a given manager, it is also useful to pay attention to the conditions of the individual continuation of insurance. This is to ensure that the employee leaving the company may transform the group insurance into an individual life policy, preferably without the need to undergo another risk assessment and irrespective of his or her health condition.

We strongly recommend that companies financing a scheme involving a large number of individual policies should transform such policies into a single group insurance.



Insurance against the loss of income for self-employed or individuals employed on the basis of management contracts or agreements other than employment agreements

A new type of insurance has recently appeared on the Polish market and is addressed to individuals who are not covered by protection under employment agreements. It insures you not only against the total incapacity to work, but can also be used to protect you in case you are temporarily unable to perform your current work. The benefits may be paid for up to three years, and the insured may also choose to be insured against the permanent incapacity to work. This option guarantees that the insured will receive the insurance sum equal to as much as 80% of their three years' income.

With this kind of insurance product, the insured is free to choose the insurance sum, and the product itself provides for high liability limits.

It is very easy to enter into this type of insurance – even on-line. Such insurance provides for:

- a "ZUS" (Social Security Office) equivalent for those who pay minimum premiums,
- insurance against the loss of income from basic activity, up to 80% of its value,
- three scopes of coverage that can be combined,
- a temporary total incapacity to work,
- a permanent total incapacity to work,
- death due to accident,
- liability limits up to PLN 5 million.

From Synergy to Innovation

Synergy is an innovative joint initiative of GLN, Mazars and Gras Savoye in Poland which came out of the idea to join the forces of three firms offering complementary services addressed to the same group of businesses in order to propose a wide range of services to their clients, including audit, accounting, insurance, legal and tax advisory on a one stop shopping basis.

GLN, Mazars and Gras Savoye are happy to share their expertise in the labour market and employee benefits programmes. Due to our global approach we offer to our clients from each market sector, the full scope of tailored services.



VIP Synergy Cocktail 2010.

*From the left: Dariusz Tokarczuk,
Michel Kiviakowski, Alexander Konopka.*



Gide Loyrette Nouel

GLN Warsaw's clients include financial institutions, banks, insurance companies, investors, real estate developers, public companies and government ministries. The firm advises some of the top players in Poland including: Dalkia (Veolia), KGHM Polska Miedź, PGE, PGNiG, AgustaWestland (Finmeccanica), Auchan, L'Oréal, France Télécom, Telekomunikacja Polska, Unibail-Rodamco, Neinver, Mayland Real Estate, Yaréal, Kuwait Petroleum Q8, PLL LOT, Sita Suez, EDF, ArcelorMittal, Enterprise Investors, Abris Capital Partners, Innova Capital, Advent International, Bank Zachodni WBK, Deutsche Bank, Société Générale, BRE Bank, BGK, Bonduelle, Danone, Citroën, Renault, Peugeot.

The Warsaw Office provides a wide range of legal services, including:

- M&A, Corporate Law and Private Equity
- Banking & Finance
- Capital Markets and Securities
- Energy, Infrastructure & Public Law
- Real Estate Law
- Litigation and Arbitration
- Restructuring and Insolvency Law
- Tax Law
- Intellectual Property Law
- Labour Law
- Competition and Distribution Law
- EU Law and Public Aid
- Environmental Protection Law

Mazars is an international, integrated and independent organisation, specialising in audit, accounting, tax and advisory services. Mazars can rely on the skills of 13,000 professionals in the 61 countries that make up its integrated partnership. It is ranked among the top audit and advisory firms in Poland and in Europe.

Mazars has 20 years of experience on the Polish market, with two entities employing 160 professionals in Warsaw and Cracow offering Polish and foreign companies from diverse sectors of the economy a wide range of services including audit, tax and business advisory as well as accounting, HR advisory and payroll.

Mazars' HR Administration and Payroll Services help you create conditions that enable your managers and employees to concentrate on what you do best – on your primary core business. We help you to comply with your statutory obligations as an employer.

We have dedicated staff with a wealth of experience and knowledge, enabling us to offer solutions that are tailored to the requirements of each client. Our experts ensure not only professional HR administration and payroll services, but also offer their practical advice in the field of the Labour Code, HR management, Personal Income Tax, fringe benefits and employee remuneration.



Since 1992, Gras Savoye has continuously ranked in first position in insurance brokers ratings in France, and since 2004 in Poland. Gras Savoye was established in 1907 in Lille, in northern France. At present, the Gras Savoye Group employs over 3600 people and its network covers over 70 offices throughout the world.

The group operates within the framework of two companies:

- Gras Savoye Polska – insurance and reinsurance broker,
- Pol-Assistance – insurance service company.

Gras Savoye, with its team of 280 employees and turnover exceeding PLN 125 mln, provides servicing of insurance lines covering property, motor, liability and life insurance especially employee benefits programmes as well as specialised products such as inherent defects insurance or weather risks. Gras Savoye in Poland also provides services in the framework of mass insurance distribution, bank insurance, risk management, reinsurance, claims handling and assistance. The companies are five time winners of Business Gazelle. They were also granted the title of the Forbes Diamond.

The Polish Information and Foreign Investment Agency (PAIiZ) has been servicing investors since 1992. Its mission is to create a positive image of Poland in the world and increase the inflow of foreign direct investments by encouraging international companies to invest in Poland. PAIiZ is a useful partner for foreign entrepreneurs entering the Polish market. The Agency guides investors through all the essential administrative and legal procedures that involve a project. It also provides rapid access to complex information relating to legal and business matters regarding investments. Moreover, it helps with finding the appropriate partners and suppliers together with new locations.

The Polish Information and Foreign Investment Agency provides professional advisory services for new investors in Poland, including:

- assistance and support for finding the best location for investment,
- finding the potential cooperation partners and suppliers,
- support concerning the investment incentives,
- assistance for the entrepreneurs during the whole investment process.

In order to ensure the best quality of service, the Agency is divided into departments and bureaus with defined responsibilities.

- The Foreign Investment Department is responsible for winning foreign investors and ensuring the best quality of services. The employees of this department advise the companies in scope of the best location and take part in the negotiations. The Foreign Investment Department assists the companies at the investment and also supports the firms which have already invested in Poland.

- One of the most important departments is the Economic Promotion Department. Promotional activities of the department include annual organisation of exhibitions both in Poland and abroad, seminars, conferences as well as economic forums for investors. It is also responsible for organising study tours for foreign journalists, thanks to whom the public opinion and foreign companies may learn about the Polish economic situation. The Economic Promotion Department is in constant contact with both the domestic and foreign media, providing them with up-to-date information on foreign investments in Poland, through TV, radio and press (promotional spots, articles, adverts). It is also responsible for publishing publications and promotion materials, guidebooks, sectoral reports, information leaflets and multimedia presentations on Poland and its economy. The Economic Promotion Department issues every week a newsletter, both in Polish and English, that reaches over 10 thousand recipients.
- The Regional Development Department is responsible for preparing investment offers for potential investors. The Regional Development Department manages and updates the database of investment offers (brownfield and greenfield). Therefore the RDD cooperates with Special Economic Zones, local authorities and Regional Investor Assistance Centres, which work on promotion and increasing the FDI inflow into regions.
- The Economic Information Department collects and analyses economical data, which can be used by the Agency or interested companies. The scope of duties also includes monitoring foreign investment in Poland and Polish investment abroad, establishing co-opera-

tion with domestic and international business partners and research institutions. The Economic Information Department is also responsible for maintaining Poland's OECD National Contact Point and managing the Agency's website.

- Bureau for Eastern Poland Economic Promotion Programme is mainly responsible for performing tasks within the scope of Eastern Poland Macroregion promotion in compliance with the Eastern Poland Economic Promotion Programme (Measure I.4 Promotion and Co-operation, component Promotion, Development of Eastern Poland Operational Programme). The Bureau is responsible for organising the participation of Eastern Poland companies in fairs/exhibitions in Poland and abroad; performing outgoing and incoming economic missions; organising national/foreign theme conferences, seminars and economic fora; preparing for and carrying out study visits of foreign journalists in Poland and Eastern Poland representatives abroad; preparing information/ promotion materials and the distribution of thereof during organised events; supervising of promotional campaign process in national and foreign media; co-ordinating of PR activities providing information about the stage of performing the Programme; supervising and holding the contest for the company/regional authorities related to implemented promotion activities.
- Accountancy, financial, administrative and IT tasks are carried out by the Bureau for Finance and Logistics. The employees of this department are responsible for organising financial documents and monitoring the financial condition of the agency.

- The Bureau for Organisation and Human Resources is responsible for organisational and HR issues as well as training.
- The Audit and Control Department is responsible for the internal auditing of the Agency.

Besides the OECD National Contact Point, the Agency also maintains an Information Point for companies interested in European Funds. All of the Agency activities are supported by the Regional Investor Assistance Centres. Thanks to training and ongoing support by the Agency, the Centres provide complex professional services for investors at voivodship level.

Polish Information and Foreign Investment Agency is the best source of knowledge, not only for foreign companies, but also for domestic companies.

On the website **www.paiz.gov.pl** an investor can find all the necessary information concerning key facts about Poland, the Polish economy, legal regulations in Poland and all detailed information which could be useful for any company wanting to set up a business in Poland.

Contact us to learn more about how your company can profit from the unique business potential of Poland.

Contact details:

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Since 1994, the French Chamber of Commerce in Poland (CCIFP) has been helping investors develop their business in Poland. By uniting over 340 companies with foreign capital, mainly French and Polish, we are one of the most active bilateral chambers in Poland, co-operating with many public and private partners.

We support companies at every stage of their development. The CCIFP Training Centre organises seminars, training courses and workshops, bringing practical knowledge about the Polish market and changes to the law, new trends in human resource management, marketing and public relations. We regularly hold meetings to share professional experiences, allowing exchanges of views with experts from various fields.

At conferences and working meetings with representatives of ministries, local governments and central offices, we offer new legislative solutions to facilitate economic development. We act to defend the interests of affiliated companies, presenting a common position on issues and the general economic sector. We play an active role in dealing with government agencies and other associations of employers, and our business meetings are a place for establishing new business contacts.

The Business Development Centre at in CCIFP supports companies interested in acting on both the Polish and French markets. We find trade partners, prepare sectoral reports, organise B2B meetings, and conduct market research on specific products. We also offer modern office facilities in central Warsaw, and additional services such as the recruitment and secondment of employees or VAT refunds.

In 2010, we organised more than 20 major events, 75 seminars, training and meetings exchanging experience, regional meetings in Krakow and Wroclaw, 25 trade missions and 150 B2B meetings with potential business partners. We met with Prime Minister Waldemar Pawlak, the Presidents of Krakow and Warsaw, and, during the Economic Forum in Krynica, hosted such dignitaries as José Manuel Barroso, Jerzy Buzek, Bronislaw Komorowski, Aleksander Kwasniewski, several ministers and the presidents of the largest Polish companies.

More information at **www.ccifp.pl**.

The BPCC – the pre-eminent British-Polish business network; join a winning team and empower us to network your business

Introducing the BPCC

Who we are –

We've been networking business relationships in Poland since the early days of the market economy. Today we reach out across Poland and the UK promoting the best of each country. Our executive team works with you to support your business growth. Partnership and networking is at the very heart of what we do. Whether you are a large global corporate or a small company employing a few people – if you're doing business between Poland and the UK – we want to speak with you. In recent years we have been recognised as the best British chamber in continental Europe no fewer than four times by COBCOE, a network of over 10,000 businesses in over 30 European countries. Joining us enables you to network and grow your business in Poland, one of Europe's highest growth potential economies.

Our offer –

Join us and we will make sure you get the best out of your membership:

- direct access to 500 member companies and 200,000 business contacts
- investor advice and business data from market experts and sector specialists
- innovative B2B media:
Contact magazine and **www.bpcc.org.pl** portal
- access to director-level commercial and government decision makers

- first-class networking, certified training and VIP events
- support for importers and exporters from the UK and Poland
- up-to-the minute economic information and market sector intelligence
- customised products, on-demand services and individual offerings

Membership is corporate, therefore, when your company joins, every employee is entitled to make use of the benefits offered by all the regional offices across Poland and the UK.

Ask our relationship management team about how we can promote your business.

www.bpcc.org.pl

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