

KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp.k.  
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Analysis of attractiveness of the City  
of Opole as a location for SSC/BPO  
Appendices

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Opole City Hall

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## Appendix 1: Salaries in the City of Opole

### Finance and accounting

One of the most common services offered by the service centers are the accounting and financial services. Their main task is processing invoices, typing them into the system, and payments. The main areas dealt with by the accounting firms are General Ledger, Accounts Payable and Accounts Receivable.

Position	Gross (PLN)
Assistant	
Opole* <sup>1</sup>	1600
Wrocław*	1700
Dolnośląskie voivodship	1685
Opolskie voivodship*	1570
Śląskie voivodship	1886
Regional Average <sup>2</sup>	1700
<b>National Average<sup>3</sup></b>	<b>1780</b>
Junior Accountant/Accountant	
Opole*	2200
Wrocław	2700
Dolnośląskie voivodship	2700
Opolskie voivodship	2200
Śląskie voivodship	2220
Regional Average	2480
<b>National Average</b>	<b>2250</b>
Senior Accountant	
Opole*	2700
Wrocław	3085
Dolnośląskie voivodship	2800
Opolskie voivodship	2450
Śląskie voivodship	2500
Regional Average	2750
<b>National Average</b>	<b>2900</b>
General Accountant	
Opole*	5280
Wrocław	5750
Dolnośląskie voivodship	5200
Opolskie voivodship	4775
Śląskie voivodship	4990
Regional Average	4820
<b>National Average</b>	<b>5000</b>

<sup>1</sup> If the name of the city or voivodship is followed by „\*”, it means that the data were estimated based on available data.

<sup>2</sup> Average regional salary concerns the south-west of Poland, which includes the voivodship: dolnośląskie, łódzkie, małopolskie, opolskie, śląskie.

<sup>3</sup> The median was taken as national average wage, which does not take into account the extremely low or extremely high scores. Thus, the results are more accurate than the simple average.

Please note that the remuneration should be based on knowledge of foreign languages. There is a hard competition between firms on the market of BPO / SSC, competing for staff with unique languages (Slavic, Scandinavian). Employees who speak fluent in rare languages can earn 30-50% more and those who know only English and German for example.

## IT

The best paid sector of BPO / SSC is IT. The main activities of the service center in this area are a help desk, security and network administration.

Position		Gross (PLN)
IT Administrator	Opole*	3580
	Wrocław	3630
	Dolnośląskie voivodship	3565
	Opolskie voivodship*	3520
	Śląskie voivodship	3800
	Regional Average	3750
	<b>National Average</b>	<b>4100</b>
Network Administrator	Opole*	3315
	Wrocław*	3825
	Dolnośląskie voivodship	3750
	Opolskie voivodship*	3250
	Regional Average	3600
	<b>National Average</b>	<b>3700</b>
Technical Support Specialist (help desk)	Opole*	2970
	Wrocław*	3100
	Dolnośląskie voivodship	3000
	Opolskie voivodship*	2850
	Śląskie voivodship	3450
	Regional Average	3380
	<b>National Average</b>	<b>3500</b>
Helpdesk Team Leader	<b>National Average</b>	<b>7000</b>
IT Project Manager	Opole*	7340
	Wrocław	7950
	Dolnośląskie voivodship	7700
	Opolskie Voivodship*	7150
	Śląskie voivodship	6455
	Regional Average	7700
	<b>National Average</b>	<b>8100</b>
Database Programmer	Regional Average	5050
	<b>National Average</b>	<b>5500</b>

## IT Specialist

Opole*	3995
Wrocław	4275
Dolnośląskie voivodship	4210
Śląskie voivodship	3800
Opolskie voivodship*	3870
Regional Average	4000
<b>National Average</b>	<b>4400</b>

## Help Desk Consultant (1 year of experience)

Opole*	3290
Wrocław*	3550
Dolnośląskie voivodship	3500 <sup>1</sup>
Opolskie voivodship*	3240
Regional Average	3150 <sup>1</sup>
<b>National Average</b>	<b>3600<sup>1</sup></b>

In the IT sector, salaries are higher than in other sectors. In addition, it is largely dependent on employee's experience. Employee with about one year service as an IT Consultant (first degree in the BPO / SSC) earns an average of 3,600 zł. For comparison, an employee with three years of experience will receive an average of 6000 zł, and 8000 zł with five years. The best examples are salaries in Wrocław SSC: Nokia-Siemens Network, in which employees with five years experience receive a salary between 9000-12000 zł.

## Call Center

The best paid sector of BPO / SSC is IT. The main activities of the service center in this area are a help desk, security and network administration.

Position	Gross (PLN)
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## Consultant (Call Center)

Opole*	1750
Wrocław	1835
Dolnośląskie voivodship	1810
Opolskie voivodship*	1700
Regional Average	2000
<b>National Average</b>	<b>2125</b>

## Customer Service Manager

Opole*	4450
Wrocław	6000
Dolnośląskie voivodship	5500
Opolskie voivodship	4100
Śląskie voivodship	3840
Regional Average	4200
<b>National Average</b>	<b>4500</b>

Customer Relationship Manager (call center)	Regional Average	4750
	<b>National Average</b>	<b>4700</b>
Team Leader (Call Center)	Opole*	3390
	Wrocław	3680
	Dolnośląskie voivodship	3250
	Opolskie voivodship*	3170
	Śląskie voivodship	3250
	Regional Average	3100
	<b>National Average</b>	<b>3600</b>

It can be assumed that the Customer Relationship Manager (call center) and Customer Service Manager is a position at the same level (because of similar salary).

Please note that:

- a) In the call centers operate bonus schemes. These results include bonuses, which can represent up to 10-15% of salary.
- b) In many call center workers are employed on contract work, which lowers the cost of the employer.

## Administration

Position	Gross (PLN)	
Assistant of Director	Opole*	2890
	Wrocław*	3750
	Dolnośląskie voivodship	3500
	Opolskie voivodship*	2730
	Śląskie voivodship	2900
	Regional Average	2800
	<b>National Average</b>	<b>3100</b>
Secretary	Opole*	1930
	Wrocław	2200
	Dolnośląskie voivodship	2000
	Opolskie voivodship*	1760
	Śląskie voivodship	1810
	Regional Average	2000
	<b>National Average</b>	<b>2000</b>
Administrative Worker	Opole*	1805
	Wrocław	2141
	Dolnośląskie voivodship	2000
	Opolskie voivodship*	1689

Director of Administration	Śląskie voivodship	1750
	Regional Average	1900
	<b>National Average</b>	<b>1920</b>
Administration Specialist	Opole*	6120
	Wrocław*	6200
	Dolnośląskie voivodship	5750
	Opolskie voivodship*	5720
	Śląskie voivodship	5250
	Regional Average	5600
	<b>National Average</b>	<b>6500</b>
Receptionist	Opole*	2780
	Wrocław	2970
	Dolnośląskie voivodship	2850
	Opolskie voivodship*	2599
	Śląskie voivodship	2750
	Regional Average	2750
	<b>National Average</b>	<b>2950</b>
Reception Manager	Opole*	1775
	Wrocław	2050
	Dolnośląskie voivodship	1900
	Opolskie voivodship*	1660
	Śląskie voivodship	1510
	Regional Average	1750
	<b>National Average</b>	<b>1880</b>
	Regional Average	2800
	<b>National Average</b>	<b>2800</b>

## Human Resources

Companies in the area of human resources are primarily responsible for recruiting and accounting staff for his client. They also conduct training and support all the legal processes associated with hiring an employee.

Position	Gross (PLN)	
Assistant in HR / payroll	Regional Average	2103
	<b>National Average</b>	<b>2300</b>
Specialist in HR / payroll	Opole*	2920
	Wrocław	3800
	Dolnośląskie voivodship	3320
	Opolskie voivodship*	2730
	Śląskie voivodship	2800

	Regional Average	3000
	<b>National Average</b>	<b>3100</b>
Recruitment Specialist	Opole*	3250
	Wrocław	3400
	Dolnośląskie voivodship	3400
	Opolskie voivodship*	3050
	Regional Average	3100
	<b>National Average</b>	<b>3450</b>

### General notice to the salaries data

- The list of salaries for employees of BPO/ SSC service centers in the areas of accounting and finance, customer service, IT, human resources and administration was prepared on the basis of a national salaries survey<sup>4</sup>.
- In the case of accounting services, there were used data on average wages in the Opole voivodship. For other industries were prepared estimations.
- Finding specific data was not always possible due to the lack of such companies in Opole voivodship, or because of their small number and a small total number of staff (including IT services, Human Resources, administration and customer service).
- In such a situation, in order to present reliable data on possible salary in the City of Opole and in the Opolskie voivodship for these industries, the earnings of inhabitants of Opole were compared with the earnings of employees of other voivodships, where average wages are similar: łódzkie, śląskie, świętokrzyskie and lubuskie. On this basis, a possible compensation of employees of BPO / SSC in Opole was developed. As a basis for this estimation we used data from the Central Statistical Office (GUS)<sup>5</sup>.

<sup>4</sup> All data obtained from Sedlak & Sedlak.

<sup>5</sup> Report "Voivodship cities. Basic statistical data", Warsaw, November 2009



## Appendix 2: Accommodation and cultural facilities in Opole

<b>Hotels</b>	<b>10</b> Mercure Opole, Festival, Piast, Szara Willa, Villa-Park, Weneda, Zacisze, Zaodrze
<b>High-standard apartments</b>	<b>1</b> Bilik apartments (Deep Chocolate, American Blue, Black & White, Royal Shine Red)
<b>Theaters and Concert hall</b>	<b>4</b> (Alojzy Smolka Theater of Puppet and Acteur, Jan Kochanowski Theater, Józef Elsner Concert Hall in Opole, Eko Studio Theater)
<b>Cinemas</b>	<b>1</b> (Helios)
<b>Galleries</b>	<b>8</b> („Na Cyplu” Galery, Art Gallery Author , Biernaccy Gallery, Contemporary Art Gallery, MCK 9 Gallery, Studzienna Gallery, WuBePe Galery, ZPAP Gallery)
<b>Museums</b>	<b>6</b> (Diocese Museum, Museum of the Opolskie Countryside, Museum of the Polish Song, Opolskie Silesia Museum, Prisoners-of-War Central Museum, Silesian Piasts Museum )
<b>Restaurants, Pubs and Cafés</b>	<b>numerous</b> (i.a. Don Vito, Grabówka, Kaiseki, Klub Muzyczny R2, Mandarin Duck, Piramida, Pub Maska – Laboratorium, Radiowa, Smaki Świata, Sphinx, Starka, U Karola Malajki, U Mnicha, Venezia, Villa Park, Złota Nić)

## Appendix 3: Available office space in Opole

Location	Oleska 121	Katowicka (Wiktoria Office)	Obrońców Stalingradu 66
<b>Class</b>	<b>A</b>	<b>B+</b>	<b>B+</b>
<b>Available space office (sq.m)</b>	4 000 (planned)	5 200	900
<b>Condition</b>	under construction, available in the end 2011	available in the end 2011	renovated in 2008/2009 (built in 1978)
<b>Price per sq.m</b>	approx. EUR 10	EUR 12-14	EUR 7-8
<b>Period length</b>	Negotiable	negotiable	negotiable
<b>Available infrastructure</b>	water, electricity, optical fiber, lightning conductor, air condition, full network connection (Internet, telephone etc.) – full infrastructure for A-class office space	water, electricity, optical fiber, lightning conductor, air condition, full network connection (Internet, telephone etc.)	water, electricity, optical fiber, lightning conductor, air condition etc.
<b>Conversion to „open space”</b>	Possible	possible	Possible
<b>Server room</b>	Available	Available	Available
<b>Conference rooms</b>	Available	Available	Available (60 sq.m)
<b>Work place</b>	approx. 300	200-300	100-200
<b>Recreation areas, cafeteria for employees etc.</b>	Available	Available	Available
<b>Parking</b>	approx. 200 spots	underground garage (70 spots)	up to 100 spots
<b>Communication</b>	-	near the Center of Opole, surroundings mainly include other office spaces, universities and train station (0,8 km)	near the Center of Opole, surroundings mainly include other office spaces, universities and train station (1,2 km)

## Appendix 3: Available office space in Opole

Location	1 Maja (former CityBank)	Ozimska 19	Katowicka 39
<b>Class</b>	-	-	-
<b>Available space office (sq.m)</b>	1 830	built in 1991	1 240
<b>Condition</b>	renovated in 2000	available in the end 2011	renovated in 2008/2009 (built in 1974)
<b>Price per sq.m</b>	Negotiable	approx. EUR 8-10	approx. EUR 8-9
<b>Period length</b>	Negotiable	negotiable	min. 3 years
<b>Available infrastructure</b>	water, electricity, optical fiber, lightning conductor, air condition etc.	water, electricity, lightning conductor, air condition etc.	water, electricity, lighting conductor, air condition etc.
<b>Conversion to „open space”</b>	-	possible	possible
<b>Server room</b>	Available	Available	Available
<b>Conference rooms</b>	-	available (100 sq.m)	available (for 20-30 people)
<b>Work place</b>	-	-	approx. 250
<b>Recreation areas, cafeteria for employees etc.</b>	Available	-	-
<b>Parking</b>	available - 200 m from the building	Multi-level parking within 200m distance available and additional are planned	-
<b>Communication</b>	located in the Center of Opole, surroundings mainly include other office spaces, universities and train station (0,2 km)	near the Center of Opole, surroundings mainly include other office spaces, universities and train station (0,5 km)	near the Center of Opole, surroundings mainly include other office spaces, universities and train station (0,8 km)

## Appendix 3: Available office space in Opole

Location	Głogowska (Opole Logistic Center GET)	Ozimska 140	Reymonta/Targowa
<b>Class</b>	-	-	-
<b>Available space office (sq.m)</b>	2 100	1 270	3 000
<b>Condition</b>	renovated in 2008/2009 (built in 1974)	renovated in 2009 (built in 1980)	available in 2011
<b>Price per sq.m</b>	Negotiable	sale price: approx. EUR 1 million	from EUR 12
<b>Period length</b>	min. 3 years	availability - 2 months until decision	negotiable
<b>Available infrastructure</b>	water, electricity, optical fiber etc.	water, electricity, air condition, full network connection (Internet, telephone etc.)	water, electricity, optical fiber, lightning conductor, air condition, full network connection (Internet, telephone etc.)
<b>Conversion to „open space”</b>	Possible	-	Possible
<b>Server room</b>	Available	-	Available
<b>Conference rooms</b>	available space for conference room	-	Available
<b>Work place</b>	200-300	150-200	210-310
<b>Recreation areas, cafeteria for employees etc.</b>	Available	-	it is possible to arrange space for recreation areas, cafeteria for employees etc.
<b>Parking</b>	500 spots	40 spots	underground garage - 420 sq.m
<b>Communication</b>	near the Center of Opole, surroundings mainly include other office spaces, universities and train station (2,5 km)	near the Center of Opole, train station (2,5 km)	-

## Appendix 3: Available office space in Opole

Location	Horoszkiewicza 6 („Błękitna Wstęga”)
Class	-
Available space office (sq.m)	340 (total space office: 4 180)
Condition	Office space is let since 2002
Price per sq.m	EUR 10
Period length	max. 5 years
Available infrastructure	full infrastructure
Conversion to „open space”	Open space: 220 sq.m; offices: 120 sq.m
Server room	Available
Conference rooms	No
Work place	500 (whole space office)
Recreation areas, cafeteria for employees etc.	-
Parking	Approx. 100 spots
Communication	near the Center of Opole, surroundings mainly include other office spaces, universities and train station (1 km)

## Appendix 4: Sample prices of products and services (July 2010)<sup>6</sup>

### Average retail prices of meat and smoked cold meat (PLN)

Voivodship	Ham (1 kg)	Beef (1kg)
Dolnośląskie	23,16	28,79
Kujawsko-pomorskie	22,57	30,67
Lubelskie	19,22	25,38
Lubuskie	22,87	28,92
Łódzkie	20,50	24,16
Małopolskie	20,99	22,61
Mazowieckie	22,27	24,86
<b>Opolskie</b>	<b>23,75</b>	<b>27,27</b>
Podkarpackie	19,10	24,98
Podlaskie	19,69	25,93
Pomorskie	24,31	28,34
Śląskie	21,97	25,33
Świętokrzyskie	22,98	23,26
Warmińsko-mazurskie	20,72	27,52
Wielkopolskie	21,54	28,38
Zachodniopomorskie	24,19	30,30

### Average retail prices of dairy products (PLN)

Voivodship	Milk (1 l)	Butter (0,2 kg)	White cheese (1kg)
Dolnośląskie	1,76	4,01	11,92
Kujawsko-pomorskie	2,03	4,01	11,96
Lubelskie	2,16	4,15	11,97
Lubuskie	1,86	3,78	12,06
Łódzkie	1,91	4,13	12,08
Małopolskie	2,07	4,02	12,02

<sup>6</sup> Source: Sedlak&Sedlak

Mazowieckie	2,23	4,27	12,09
<b>Opolskie</b>	<b>1,83</b>	<b>3,41</b>	<b>12,67</b>
Podkarpackie	2,07	3,96	11,87
Podlaskie	2,09	4,01	10,77
Pomorskie	2,12	4,09	13,19
Śląskie	2,08	4,11	12,60
Świętokrzyskie	2,25	4,15	12,27
Warmińsko-mazurskie	2,26	3,89	11,12
Wielkopolskie	1,97	4,04	11,66
Zachodniopomorskie	2,07	4,11	11,68

#### Average retail prices of chosen vegetables and fruits (PLN)

Voivodship	Lemon (1 l)	Potatoes (1 kg)	Carrot (1 kg)
Dolnośląskie	7,26	1,35	2,76
Kujawsko-pomorskie	6,80	1,21	2,47
Lubelskie	6,44	1,31	2,21
Lubuskie	6,57	1,25	2,17
Łódzkie	7,22	1,22	2,50
Małopolskie	7,21	1,41	2,27
Mazowieckie	7,19	1,55	2,50
<b>Opolskie</b>	<b>6,39</b>	<b>1,44</b>	<b>2,57</b>
Podkarpackie	6,67	1,35	2,18
Podlaskie	6,78	1,48	2,05
Pomorskie	6,75	1,25	2,53
Śląskie	6,72	1,51	2,43
Świętokrzyskie	7,32	1,48	2,67
Warmińsko-mazurskie	6,80	1,45	2,65
Wielkopolskie	7,12	1,21	2,42
Zachodniopomorskie	6,98	1,29	2,39

## Average retail prices of chosen food articles (PLN)

Voivodship	Bread (1 l)	Reis (1 kg)	White sugar (1kg)
Dolnośląskie	2,11	4,10	2,53
Kujawsko-pomorskie	1,67	4,07	2,37
Lubelskie	1,91	4,60	2,58
Lubuskie	1,85	4,03	2,36
Łódzkie	1,91	3,82	2,61
Małopolskie	1,93	4,33	2,51
Mazowieckie	1,75	4,75	2,69
<b>Opolskie</b>	<b>2,11</b>	<b>3,93</b>	<b>2,30</b>
Podkarpackie	1,73	4,27	2,38
Podlaskie	1,73	4,71	2,34
Pomorskie	1,81	4,55	2,68
Śląskie	2,17	3,47	2,42
Świętokrzyskie	1,57	4,64	2,62
Warmińsko-mazurskie	1,65	4,07	2,35
Wielkopolskie	1,92	4,17	2,61
Zachodniopomorskie	1,94	4,47	2,63

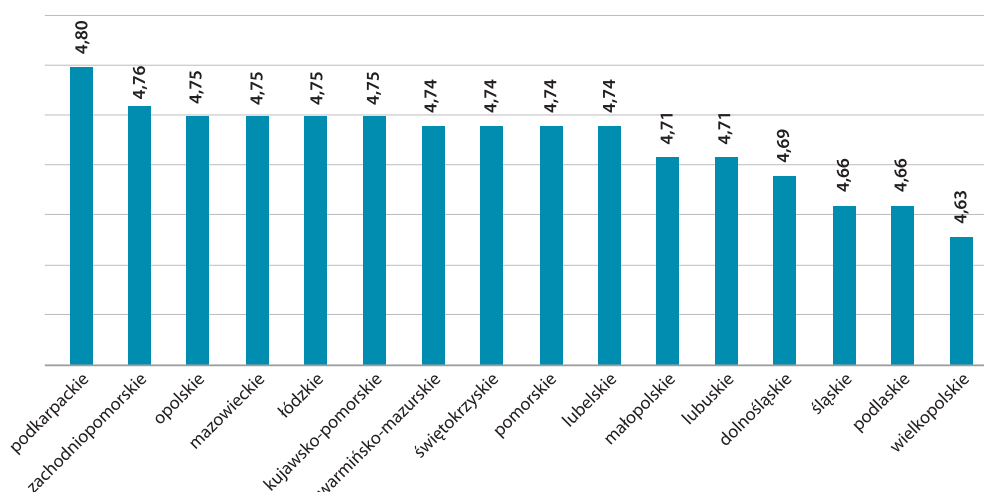
## Average retail prices of cigarettes, coffee and beer (PLN)

Voivodship	Cigarets	Coffee (250 g)	Beer (0,5 l)
Dolnośląskie	9,40	6,02	2,93
Kujawsko-pomorskie	9,35	5,41	2,91
Lubelskie	9,30	6,03	2,99
Lubuskie	9,07	6,16	2,77
Łódzkie	9,24	5,79	2,93
Małopolskie	9,40	6,17	2,93
Mazowieckie	9,18	6,43	2,94
<b>Opolskie</b>	<b>9,49</b>	<b>5,51</b>	<b>2,82</b>
Podkarpackie	9,53	6,08	2,82
Podlaskie	9,48	5,86	3,04
Pomorskie	9,33	6,40	2,98
Śląskie	9,23	5,98	2,78



Świętokrzyskie	9,56	6,03	2,97
Warmińsko-mazurskie	9,37	5,90	2,85
Wielkopolskie	9,19	5,86	2,94
Zachodniopomorskie	9,06	6,07	2,97

Average retail price of petrol 95 octan (PLN)



Average retail prices of services (PLN)

Voivodship	Cinema ticket	Barber
Dolnośląskie	14,92	15,18
Kujawsko-pomorskie	16,27	12,31
Lubelskie	13,82	13,85
Lubuskie	16,00	14,56
Łódzkie	15,75	14,07
Małopolskie	15,00	15,54
Mazowieckie	16,00	19,38
<b>Opolskie</b>	<b>15,50</b>	<b>15,14</b>
Podkarpackie	13,27	13,00
Podlaskie	13,00	11,90
Pomorskie	16,00	15,08
Śląskie	16,40	14,44
Świętokrzyskie	13,20	12,67
Warmińsko-mazurskie	15,00	13,26
Wielkopolskie	14,17	13,21
Zachodniopomorskie	14,90	13,62

## Appendix 5: Main Polish Cities

### Warsaw

- Warsaw, the capital of Poland, is the largest Polish city, and the business center of Poland. As a vibrant, modern, dynamic and continuously changing and expanding city, Warsaw is one of the fastest growing cities in Europe.
- The city is a convenient shopping destination. The shopping scene in Warsaw has changed dramatically in recent years and now many of the world's leading fashion chains, brands and designers can be found here. Several large shopping malls have been built in the very center of the city (including the largest one in Central Europe) and are open seven days a week.
- Warsaw's exceptional position on the investment map results from the size of its local market, convenient location in the heart of Poland and Europe, as well as good travel connections with all important cities and regions. The city's economy is currently dominated by the service industry and many of the largest Polish and international companies have chosen to locate their headquarters in Warsaw (i.e. Auchan, Bayer, BMW, Coca-Cola, Google, Henkel, Microsoft, Statoil).

### Krakow

- Krakow has traditionally been one of the Poland's leading centers of scientific, cultural, and artistic life. Krakow's cultural wealth is internationally recognized - each year the city attracts over 7 million local and international tourists.
- In the past, the main focus of Krakow's economy was heavy industry, but in recent years the city has turned towards services and in particular the high-tech branches of the economy like offshoring of information technology (IT). Krakow's current economic landscape is becoming more and more represented by large international corporations, like Motorola, Google or IBM.

### Tri-city

- Tri-city (Trójmiasto) is an urban area on the coast of the Baltic Sea, consisting of three cities: Gdańsk, Gdynia and Sopot. Gdańsk has always been one of the main ports and thriving trade centers in Europe with its greatest glory in the sixteenth and seventeenth century. Sopot became a summer resort for the richest citizens and was later transformed into a famous spa. Gdynia is also an important port city, developed between the First and Second World Wars.
- The Tri-city is one of the major centers of national economic growth as well as development and cooperation in and around the Baltic Sea area. Main industrial sectors of the agglomeration include oil refining, paper industry, ship building and a dynamically growing IT sector, but also traditional sectors like maritime industry, fish processing and sea transport.

### Łódź

- Łódź has a very favorable location in the center of Poland, 130 km from the capital Warsaw. The distance from six other major Polish agglomerations: Bydgoszcz, Poznań, Wrocław, Katowice, Krakow and Lublin is less than 300 km. Due to close proximity of Warsaw, Łódź is closely bound with the capital and the two cities compete on economical and social grounds.

- The city has traditionally been known as an industrial center with textile manufacturing being the most important branch of its economy. However, this has changed over the years and currently the development of new technologies, as well as logistics, BPO and home appliance manufacturing have gained utmost significance for the city.

## Wrocław

- Wrocław is the capital city of the historical region of Lower Silesia (Dolny Śląsk) in south-western Poland. Wrocław and the entire Lower Silesia region have a track record of spectacular success in attracting major foreign investments. According to the Polish Information and Foreign Investment Agency (PAIIZ), investment inflow in Wrocław and the Lower Silesia region accounts on average for 20% of all investments in Poland.
- The city is traditionally associated with automotive, machinery, electronics, electrical engineering, metal structures and food processing industries. However, in recent years, it has also become an important financial center (banks, insurance companies and hirepurchase services). Several large financial institutions have decided to locate their headquarters in the city. They include i.a.: Santander Consumer Bank, Bank Zachodni WBK (owned by Allied Irish Bank PLC), Lukas Bank and Europejski Fundusz Leasingowy (both acquired by Crédit Agricole), or Getin Bank.

## Poznań

- Poznań is located halfway between Warsaw and Berlin and approx. 160 km from the Polish-German border. It is the administrative capital of the Wielkopolskie Voivodeship and an important center for services, industry, culture, higher education and science. Moreover, Poznań is considered Poland's unquestionable capital in terms of trade. Each year the city hosts about 50 international fair events showcasing the exhibitions of over 10 thousand entities from around 60 countries. The most important event on Poznań's and Poland's fair calendar is the Poznań International Fair held annually since 1921. In December 2008, Poznań hosted the United Nations Climate Change Conference, a key event in the creation of a successor to the Kyoto Protocol.
- The economy of the Poznań agglomeration is well developed and structurally diversified. Its most dominant branches are: trade, financial services, real estate market services, logistics and education. The current positive industrial development is the result of the process of restructuring large industrial plants and the dynamic development of small and medium sized enterprises due to the above average entrepreneurship of the region's inhabitants. The most prominent sectors of Poznań's industry are: electronic engineering, chemical and food processing industries.

## Szczecin

- Szczecin is the country's 7th largest city and one of the largest seaports on the Baltic Sea. Due to its geographical location Szczecin has become an important center of political, economic and cultural cooperation between Poland, Germany and Scandinavian countries.
- One of the main benefits of Szczecin's location is the proximity of the German boarder (about 12 km). The distance to Berlin is 140 km and the trip takes less than 2 hours by train or car (thanks to the motorway, which connects the two cities). The city is trying to take advantage of this close proximity by developing strong economic cooperation with the German capital and neighboring regions.

- The city is currently aiming to become a modern European business center by developing the BPO and high-tech sectors. For this reason the City of Szczecin offers various types of public assistance to create attractive conditions for investors and assist the development of their operations.

## Lublin

- Lublin is a city with a 700 year history and an academic center (recognized in Poland and abroad) with over a 100-thousand-strong student society and a colorful Campus. It is the largest city in the eastern part of Poland and the administrative, economic and cultural center of the region. One of the key advantages of Lublin as an investment area is its favorable location. Due to the close proximity to the Ukrainian and Belarusian borders, the city is an excellent site for businesses trading with Eastern European markets. At the same time, the distance from Poland's main business centers is moderate: 150 km from Warsaw and less than 250 km from Krakow and Łódź.
- Key industries of the region include traditional ones like farming and food processing or manufacturing of machinery, as well as new, dynamically developing sectors: manufacturing of rubber and plastic materials, automotive manufacturing, logistics and BPO.

## Opole

- Opole is the capital of the Opolskie Voivodship which borders on Czech Republic.
- Opole is one of the oldest cities in Poland. It was granted and chartered before 1217. It is a former capital of Duchy of Opole and Racibórz (duchies of Silesia ruled by the Piast dynasty) and a former capital of Upper Silesia. Opole has been the capital of Opolskie Voivodship since 1950.
- The city is an important administrative, commercial, scientific and cultural centre of the region Opole Silesia.

## Appendix 6: Legal aspects of conducting business in Poland

### 6.1. Legal System in Poland

#### Polish Legal System consists of:

- Legislative authority (lower house – Sejm and upper house – Senat)
- Executive authority (ministers, heads of departments of ministerial rank, heads of central institutions)
- Judicial authority (the Supreme Court, the Constitutional Tribunal, the State Tribunal)
- The President
- The Prime Minister (represents the Cabinet)

### 6.2. Setting up a Business in Poland

Since Poland joined the European Union on May, 1 2004, entrepreneurs who conduct economic activity in Poland need to comply not only with internal Polish law, but also EU law, which is becoming part of the Polish legal system either by way of directly applied provisions (such as council or commission regulations), or by way of implementation of recommendations (such as directives) in result of which Polish internal law is adjusted.

The general rules related to conducting business are regulated by the Freedom of Economic Activity Act from July 2, 2004. Although rules of the Act apply to individuals and legal persons, it does distinguish between the investors from EU/EFTA and other third party countries. Under Freedom of Economic Activity Act, foreign company or legal persons from EU/EFTA may conduct business activities free and under the same rules as for Polish companies and individual investors. Moreover, according to recent amendments, foreign persons, from the countries being parties to the above mentioned agreements or other agreements, and benefiting on this basis of the freedom to provide services, may temporarily provide such services on the Polish territory without the need to obtain an entry into the Polish register of entrepreneurs or into the records of economic activity.

However, companies domiciled outside the EU/EFTA may conduct business activities in the following forms (unless international agreements state otherwise):

- Limited partnership
- Limited joint-stock partnership
- Limited liability company
- Joint stock company

Although some limitations apply to legal form for the investors from outside the EU/EFTA, they are still able to conduct business in form of above mentioned entities without any restrictions and under the same rules as Polish companies and members of the EU/EFTA. Polish law allows domestic and foreign investors to operate under a wide variety of legal forms. Below we present a number of legal forms available to domestic and foreign investor in Poland:

- Sole Proprietorship
- Civil Partnership
- Registered Partnership
- Professional Partnership
- Limited Partnership
- Limited Liability Company
- Joint-stock Company
- Limited joint-stock Company
- Representative and Branch Office

### Civil Partnership (Spółka Cywilna)

<b>Purpose</b>	Operation of a small business
<b>Founders</b>	Must be established by at least two natural or legal persons
<b>Min. Capital</b>	N/A
<b>Legal Personality</b>	None. It is the partners who operate and represent the entity. A civil partnership is set up according to the general principles of the Civil Law
<b>Liability</b>	Each partner is jointly liable for the debts and obligations of the partnership without limit to the extent of this or her entire property.
<b>Taxation</b>	Each of the partners is taxed separately. PIT (Personal Income Tax), CIT (Corporate Income Tax) - dependent on the partner's status.
<b>Establishment process</b>	The entrepreneurs should previously register in the Business Activity Register and subsequently conclude a civil partnership agreement in writing.
<b>Additional requirements for foreign investors</b>	An economic activity in a way of civil partnership may be exercised by persons entitled to exercise business activity on the territory of Poland in the form of an individual entrepreneur.
<b>Representations of a partnership</b>	Each partner has right to represent a company.

Source: [www.paiiz.gov.pl](http://www.paiiz.gov.pl)

### Registered Partnership (Spółka Jawna)

<b>Purpose</b>	Established for the purpose of operating business on a large scale.
<b>Founders</b>	A minimum of two individuals or legal persons or organizational units
<b>Min. Capital</b>	N/A
<b>Legal Personality</b>	None. Personal partnership. Registered partnership possess a legal capacity and may in its own name acquire rights, including ownership of immovable property and other rights in rem, incur obligations, sue and be sued.
<b>Liability</b>	Each partner is liable without limitation , for the debts and obligations of the partnership, jointly with other partners and the partnership, to the extent of his or her entire property (subsidiary liability partner)
<b>Taxation</b>	Each of the partners is taxed separately. PIT, CIT - dependent on the partner's status
<b>Establishment process</b>	In order to be effective, a deed of partnership must be executed in writing, where upon the partnership should be entered into the National Court Register
<b>Additional requirements for foreign investors</b>	<ol style="list-style-type: none"> <li>1. Foreign persons from the EU Member States and EFTA member countries - parties to the European Economic Area (EEA) Agreement and foreign persons from countries which are not parties to the treaty on EEA which may enjoy economic freedom on the basis of agreements concluded by those states with European Community and its Member States.</li> <li>2. Other natural persons than those referred to in 1) who are entitled to conduct economic activity within territory of Poland.</li> <li>3. Other persons than those referred to in 1) if international treaties provide so.</li> </ol>
<b>Representations of a partnership</b>	Each partner has right to represent a company. Registered partnership may also be represented by a proxy.

Source: [www.paiiz.gov.pl](http://www.paiiz.gov.pl)

### Professional Partnership (Spółka Partnerska)

<b>Purpose</b>	Established for the purpose of pursuing a profession in the form of a partnership, which conducts business under its own business name.
<b>Founders</b>	Must be established by at least two individuals qualified to pursue the given profession (i.e. attorneys at law, CPAs)
<b>Min. Capital</b>	N/A
<b>Legal Personality</b>	None. Personal partnership. Registered partnership possess a legal capacity and may in its own name acquire rights, including ownership of immovable property and other rights in rem, incur obligations, sue and be sued.
<b>Liability</b>	A partner is not liable for the debts and obligations of the partnership incurred throughout the pursuit of a profession by other partners, or resulting from the actions or omissions of the partnership's employees who at the time of providing a service related to the company's business were commissioned by and answerable to another partner. The deed of partnership may provide that one or more partners are liable for the debts and obligations of the partnership to the same extent as that of a partner in a registered partnership. Every partner shall be liable for obligations of the partnership with all his assets jointly and severally with the remaining partners and with the partnership for obligations which have arisen as a result of actions other than practicing profession by the remaining partners.
<b>Taxation</b>	Every partner pays income taxes individually.
<b>Establishment process</b>	The deed of partnership should be executed in a notarised form. Partnership should be registered by the National Court Register.
<b>Additional requirements for foreign investors</b>	Partners on the Professional Partnership could be: 1 Foreign natural persons from the European Union Member States and European Free Trade Association (EFTA) member countries - parties to the European Economic Area Agreement and foreign persons from countries which are not members of the treaty on European Economic Area, which may enjoy economic freedom on the basis of agreements concluded by those states with European Community and its Member States; 2 Other natural persons than those referred to in 1) who are entitled to conduct economic activity within the territory of Poland. In addition persons specified in the 1) and 2) should comply with requirements binding within the territory of Poland concerning practising a specific profession (e.g. be certified by its governing institution)
<b>Representations of a partnership</b>	Each partner has right to represent a company, unless the partnership deed states otherwise. In a professional partnership, Management Board may be optionally appointed. Partners may transfer their representation rights via proxy.

Source: [www.paiiz.gov.pl](http://www.paiiz.gov.pl)



### Limited Partnership (Spółka Komandytowa)

<b>Purpose</b>	Established for the purpose of conducting business under its own business name.
<b>Founders</b>	Must be established and conducted by at least two individuals or legal persons or organizational units
<b>Min. Capital</b>	N/A
<b>Legal Personality</b>	None. Personal partnership. Limited partnership possess a legal capacity and may in its own name acquire rights, including ownership of immovable property and other rights in rem, incur obligations, sue and be sued.
<b>Liability</b>	At least one partner is liable to the creditors for the debts and obligations of the partnership without limitation (the general partner) and at least one partner has a limited liability. However, if a business name of a limited partnership includes a name or a business name of a limited partner, this partner is liable for obligations of a partnership without any limitation. Similarly, limited partner is liable for performing an act in law in the name of partnership without disclosing his power of attorney or when he acts without authorization or beyond the scope of authorization.
<b>Taxation</b>	Each partner is liable for their income or corporate tax separately. PIT, CIT.
<b>Establishment process</b>	The statutes of the partnership should be executed in a notariated form and signed by all general partners. Partnership should be registered by the National Court Register.
<b>Additional requirements for foreign investors</b>	N/A
<b>Representations of a partnership</b>	A partnership shall be represented by the general partners who were not deprived of the right to represent the partnership under the partnership deed or by valid court decision. A limited partner may represent the partnership only in the capacity of a power of attorney. Partnership may be also represented by a proxy.

Source: [www.paiiz.gov.pl](http://www.paiiz.gov.pl)

### Limited Liability Company (Spółka z o.o.)

<b>Purpose</b>	Any
<b>Founders</b>	May be established by one or more individuals or legal persons or organisational unit without legal personality which was granted a legal capacity on the basis of a specified act (for example partnership). However, it may not be established solely by another single-member limited liability company.
<b>Min. Capital</b>	5,000 PLN
<b>Legal Personality</b>	A limited liability company has all legal rights and a legal personality
<b>Liability</b>	<p>The Company is liable for its debts and obligations without any limitations. Shareholders are not liable for the company's obligations, they bear a risk up to the value of paid-in capital. Where execution against the company has proved ineffective the members of the management board shall be liable jointly and severally for the obligations of the company. A member of the management board may extricate himself from the liability by showing that a petition for declaration of bankruptcy was filed or arrangement proceedings were instituted in due time, or that a failure to file a petition for declaration of bankruptcy or institute arrangement proceedings was not due to his fault or that the creditor suffered no damage even though no petition for bankruptcy was filed or no arrangement proceedings were instituted</p>
<b>Taxation</b>	CIT
<b>Establishment process</b>	Step-by-step instructions set out below
<b>Additional requirements for foreign investors</b>	N/A
<b>Representations of a partnership</b>	<p>Shareholders' Meeting has a superior authority to any Board of the company. Company is represented by a Management Board (with at least one Member) according to principles laid down in a company deed or a company charter. A limited liability company may also be represented by a proxy. In limited liability company a Supervisory Board may be optionally appointed. Limited liability companies which initial shareholder's capital exceeds PLN 500,000, and the number of shareholders exceeds twenty five are obligated to establish a Supervisory Board with an Audit Committee.</p>

Source: [www.paiiz.gov.pl](http://www.paiiz.gov.pl)

### Joint-Stock Company (Spółka Akcyjna)

<b>Purpose</b>	Established for the purpose of operating business on a large scale. Capital may be obtained through an issuance of shares.
<b>Founders</b>	May be established by one or more persons; exception: it may not be established solely by a single-member limited liability company
<b>Min. Capital</b>	100,000 PLN
<b>Legal Personality</b>	A joint-stock company has all legal rights and a legal personality.
<b>Liability</b>	The Company is liable for its debts and obligations with its whole property without any limitations. The shareholders are not liable for the company's obligations; they bear a risk up to the value of paid in capital
<b>Taxation</b>	CIT
<b>Establishment process</b>	Same process as far the limited liability company. Due to the registration process' complexity foreign investors are advised to such legal advice for each process
<b>Additional requirements for foreign investors</b>	N/A
<b>Representations of a partnership</b>	Shareholders' Meeting has a superior authority to any Board of the Company. Joint-stock company is represented by a Management Board (with at least one Member) according to principles laid down in a company's statute. In a joint-stock company, Supervisory Board must be obligatorily appointed. Joint-stock company may also be represented by a proxy.

Source: [www.paiiz.gov.pl](http://www.paiiz.gov.pl)

### Limited Joint Stock Partnership (Spółka Komandytowo-Akcyjna)

<b>Purpose</b>	Established for the purpose of operating a business under its name (large scale)
<b>Founders</b>	A minimum of two individuals or legal persons or organizational units
<b>Min. Capital</b>	50,000 PLN
<b>Legal Personality</b>	None. Personal partnership - may in its own name acquire rights, including ownership of immovable property and other rights in rem, incur obligations, sue and be sued
<b>Liability</b>	At least one partner is liable to the creditors for the debts and obligations of the company without limitation (the general partner) and at least one shareholder has a limited liability. However, if a business name of a limited joint-stock company includes a name or a business name of a limited shareholder, this shareholder is liable for obligations of a company without any limitation. In the same way is liable limited partner performing an act of law in the name of the company without disclosing his power of attorney or when he acts without authorization or beyond the scope of authorization

<b>Taxation</b>	Each partner is liable for their own individual income taxes. PIT, CIT.
<b>Establishment process</b>	The deeds of the company should be executed in a notarised form and signed by all general partners, whereupon the partnership should be entered into the National Court Register (Krajowy Rejestr Sądowy)
<b>Additional requirements for foreign investors</b>	None
<b>Representations of a partnership</b>	Limited joint-stock partnership shall be represented by the general partners who were not deprived of the right to represent the company under the company deed or by valid court decision. A shareholder may represent the company only in the capacity of attorney. Limited joint-stock company may be also represented by a proxy. In limited joint-stock company a Supervisory Board may be optionally appointed. If a number of shareholders exceeds 25 the Supervisory Board shall be compulsory.

Source: [www.paiiz.gov.pl](http://www.paiiz.gov.pl)

## Branches and Representative Offices

Foreign persons, including banks, insurance companies and foundations, may establish representations in Poland. The establishment and functioning of all types of representations is governed by the Act of Freedom Activity. Foreign parties can establish two kinds of representations: branches and representative offices.

The scope of permitted activities for branches is greater than that of representative offices. Branches may conduct economic activity to the extent of the foreign entrepreneur's entire range of activity („full-trading branches”). Representative offices can operate only within the scope of advertising and promotion.

## Incorporation of a Company with Foreign Participation

Establishing a company with foreign participation in general does not require a prior permit or license. The only exception is contribution of real estate to the share capital of a newly formed company, in which 50% or more of the shares will be acquired by a foreign party; in this case, a permit of the Minister of Internal Affairs and Administration is required. This restriction however does not apply to foreign persons from EEA countries.

In some cases it is also necessary to obtain the approval of the Office of Competition and Consumer Protection for acquiring shares in newly established companies (exemptions are allowed for the entities within the same capital group).

Finally, it must be noted that conducting certain activities in Poland, for example, banking or insurance operations, requires a permit (license or concession). There are also certain activities that require skills or professional artifications (i.e. attorney at law), tranships or registration.

It is important to note that one or more legal or natural foreign persons may establish a limited liability company and a joint stock company, but these companies may not be formed by a oneperson limited liability company.

## Participation in an existing company

Foreign parties may acquire an interest in Polish companies that are already established either:

- through the purchase of existing shares or stock or
- by taking up new issues of stock or shares

## Real Estate

Conducting economic activity usually requires an entity to possess a legal title to real estate. The definition of real estate comprises land, building on plots of land or only building premises. If the law does not provide otherwise, the title to real estate in Poland can be based on the following forms of rights:

- Ownership
- Perpetual usufruct, where the ownership of the land remains with the State Treasury or the Municipality. The perpetual usufructuary is granted possession of the buildings and the right to use the land for 40 up to 99 years or in consideration for an annual fee. The perpetual usufruct right may be transferred and mortgaged
- Other rights in rem, such as servitudes or usage
- Tenancies and leases, where agreements are entered into between the landlord/lessor and the tenant/lessee.

## Acquisition of Real Estate by Foreigners

All sales and perpetual usufruct agreements must be notarized in order to be valid. In addition, the Law on Acquisition of Real Estate by Foreigners requires foreigners, except citizens or entrepreneurs from the Member states of the EEA, to obtain a permit from the Minister of Internal Affairs and Administration to acquire real estate.

Moreover, the Law on Acquisition of Real Estate by Foreigners applies whenever foreign parties acquire or take possession of shares in companies that are owners or perpetual usufructuary of real estate, if as a result of the acquisition:

- The company would become a foreign-controlled company or
- The company is already a foreign-controlled company and the acquiring foreign party does not hold shares in this company.

Any acquisition of real estate by foreigners without a permit is invalid.

From May, 1 2004, foreign parties that are residents of EEA Member States are exempt from the obligation to acquire a permit for the purchase of real estate, except for the following:

- Agricultural and forest real estate, for a period of 12 years from the date Poland joined the EU
- Second house (primary residence or non-primary residence), for a period of 5 years from the date Poland joined the EU.

Those exceptions do not apply to the acquisition of shares in a company that owns the aforementioned real estate. However, the Law on Acquisition of Real Estate by Foreigners sets out a number of exceptions that allow foreign parties to acquire real estate without a permit.

### **Polish Law of Contracts**

The Polish law of contracts is based on the principle of freedom of contracts, under which parties to a contract may arrange their legal relationship as they deem proper, on condition that the content or the purpose of that contract are not contrary to the nature of the relationship, statutory law and principles of community life. Not limiting the general autonomy of the parties to a contract, the Polish provisions regulate most common types of contracts (sale agreement, building agreement, lease, tenancy, etc.). It is also possible to conclude a non-defined contract, the content of which results from individual arrangements (on condition mentioned above).

By arranging the legal relationships, reference should also be made to the rules of many international conventions and EU law concerning contracts, which Poland is obliged to apply, especially in the scope of governing law issues, jurisdiction, recognition and enforcement of foreign judgments and arbitral awards.

### **Foreign Exchange Law**

According to the last amendment of the Civil Code and Foreign Exchange Law, monetary liabilities, there under payment transactions, may be expressed in a Polish currency – Polish Zloty or in a foreign currency, if this results from the statutory provisions, court rulings or civil actions. On the grounds of this amendment, there are no limitations in terms of transactions like concluding agreements or taking other civil actions, which result in payments in a foreign currency.

Generally, foreign exchange transactions with EU, OECD or EEA countries are also unrestricted. However, there are a number of transactions/payments, particularly transactions with third countries, that require individual foreign exchange permits issued by the President of the National Bank of Poland (some exceptions are provided in a general foreign exchange permit regulation, in particular for business relations with countries with whom Poland has signed a bilateral investment treaty).

### **Labor Regulations (forms of employment)**

The principal act regulating Polish labor law is the Labor code. However, under the Rome Convention on the law applicable to the contractual obligations, it is possible to subject an employment contract with a Polish citizen to foreign law. In this case however, the employee will be protected by respective, imperative (absolute) provision of law of this country, where this employer performs work on a regular basis. All employment contract (governed by Polish law or subject to Polish law under the Rome Convention) conditions should conform to the provisions of this Labor Code. Contractual terms unfavorable to employees are automatically replaced by corresponding provisions of the Labor Code.

The Labor code also applies to foreigners employed in Poland. Generally, foreigners must obtain a work permit from the relevant administration authority and the duration of the employment contract cannot exceed

the time, for which the work permit has been issued. Work permit proceedings take approximately 1 month to be completed. Nevertheless, from 1 May 2004 there is a group of foreigners who are exempt from the obligation to acquire a work permit, in particular citizens of the EU Member States, the EEA or countries not being a member to the agreement of EEA that may use freedom of movement of workers under respective agreements with the European Community.

- Several different written forms of contract are as following:

- Contract concluded for a trial period (up to 3 months)

Contract concluded for a specified period of time (may be renewed). In the event that there are two consecutive contracts for a limited period and the intervals between the contracts are shorter than 1 month, the next contract (third one) can only be concluded for an unlimited period.

- Contract concluded for a specified period of time to substitute another employee, in the case of his justified absence at work (concluded only for the specific duration of this absence)

- Contract concluded for the period required to complete a specified task

- Contract concluded for the performance of casual or seasonal work, work performed on a repeatable basis (e.g. employment during the harvest)

- Contract concluded for an unlimited period of time.

All employment contracts can be terminated by mutual agreement of the parties. Contracts for a specified period automatically terminate on the expiry of that period, and contracts for a specified task automatically terminate on the date the task is completed. Most contracts can be terminated unilaterally, either with or without notice, depending on the circumstances and detailed rules, provided by the Labor Code.

Major rules and regulations of employment:

- Working hours – 40 hours per 5-day working week not. An employee should not work more than approximately 48 hours a week;

- Minimum amount of a monthly gross remuneration for 2009 is PLN 1,276, it must be paid at least once a month, unless Labor code permits exceptions;

An employee is entitled to an annual uninterrupted paid holiday (minimum 14 calendar days)

## 6.3. Taxation

### General information

**CIT** (Corporate Income Tax) – governs the taxation of legal persons, foreign partnerships (if treated as legal entities in their home country) and tax capital group. Although in some cases the CIT Act allows for different tax rates, the basic rate is 19% of the tax base. Taxable net income is estimated as the difference between revenue and tax-deductible costs received in a fiscal year. In the event, where tax-deductible costs exceed revenue, the company incurs a loss. Although there are certain kinds of costs and expenditures that are not deductible, Polish law does not impose any limitations to the amount of deductible costs (except for the purchase of passenger cars).

Deductible cost may be recognized only if incurred expenditure meets the following requirements:

- Either costs or expenditure were incurred in order to generate income;
- Neither costs nor expenditure meet criteria of undeductable costs;
- Direct costs should be incurred and deducted in the same year as the related revenue was earned, whereas other costs should be deducted on the date they were incurred;
- Tax deductible costs incurred in foreign currency shall be converted into PLN based on the average exchange rates of the National Bank of Poland (from the last working day preceding the day costs were incurred)

Dividends paid to either Polish resident or foreign shareholders are subject to 19% withholding tax. However, if the provision of relevant double tax treaties exempt such profits from being taxed in Poland or the shareholder applies for 'participation exemption' (as provided by the CIT Act), then foreign shareholder may be exempt from above mentioned tax on dividends.

**PIT** (Personal Income Tax) – governs the taxation of an individual, a partner in a limited or registered partnership and certain types of companies without corporate personality. Tax rate is calculated according to progressive tax scale, which varies from 18 to 32%. Nevertheless, if the tax payer conducting business activity meets specific requirements, he/she may be subject to a 19% flat tax. Similarly to Corporate income Tax, taxable income in case of PIT is calculated as the difference between revenue and tax deductible costs received in a fiscal year. Also, if tax-deductible amount exceeds the amount of income, the difference is loss. If a taxpayer incurs a loss, he can reduce the profit in the next following five years, by the amount of this loss, however the reduction cannot be higher than 50% of the loss in one year.

**VAT** (Value Added Tax) – governs taxation of goods and services in Poland and currently the base rate for VAT is 22%. Specifically, any kind of supply of goods (transfer of the right to dispose of tangible property as owner) and services, export and import of goods, intracommunity supply and acquisition of goods (transfer of the right to dispose of goods as an owner in Poland).

In addition, production, sale, import, and intra-community acquisition of 'excise goods' are taxed according to standard excise tax rates. Depending on the excise good there are four applicable types of excise rate: percentage of the taxable base; an amount per unit; percentage of the maximum retail price; an amount per unit and a percentage of the maximum retail price. Furthermore, the general withholding tax (WHT) rate for dividend is 19%. Also, income from the redemption of shares and income resulting from the liquidation of a company, are taxed at the same 19% rate. The general withholding tax rate on interest and royalties paid to nonresidents is 20%.



## Real Estate Tax Exemption

Although Municipalities in Poland offer many investment incentives, one of the most popular and basic one is the real estate tax exemption. Based on the Pursuant to the Act of 12 January 1991, Municipalities have the right to fix tax rates and establish tax exemptions to particular entities. The most popular real estate tax exempt are as following:

- Land,
- Building or parts thereof,
- Buildings or parts of buildings associated with conducting economics activity.

Tax payers that are subject to real estate tax are:

- Natural persons
- Legal persons
- Organizational entities (including companies without the status of a legal person, which are owners or autonomous possessors of real estate or civil structures)
- Perpetual usufructuaries
- Owners of State-owned real estate or parts thereof
- Owners of civil structures or parts of civil structures belonging to the State or a local authority

Real estate tax exemption appears in the form of state aid. It is granted under resolutions of municipal councils and is so-called „automatic aid”, because an entrepreneur is automatically entitled to exemption after meeting requirements set out in the resolution of the municipal council.

The amount of grant depends on costs of investment necessary to complete the investment (e.g. fixed assets, tangible and legal assets) and costs of creating jobs associated with the completion of the new investment. In order to meet minimum requirements for real estate tax exemption, investor needs to notify relevant tax authority of the intention to use aid, since only the costs incurred after the above mentioned notification may be included in the costs covered by the aid.

Furthermore, to fulfill resolution conditions, investor needs to maintain investment for at least 5 years, and in the case of SME for at least 3 years from the date of its completion. In order to meet requirements regarding job creation, the investment must provide above mentioned jobs within 3 years from the completion of investment, with the level of employment higher than average from the 12 months prior creation of jobs, and also jobs must be retained for at least 5 years (in case of SMEs for at least 3 years) from the date on which they were set up.

## Appendix 7: State Aid System in Poland

Value of state aid depends on the investment location and the amount of investment expenditure (expenditure for purchase of tangible/intangible assets, or two years' salary costs). Furthermore, the total support for new investment or extension of existing activity cannot exceed limits calculated as the maximum regional aid intensity multiplied by total eligible costs of the investment.

The maximum permitted level of aid in each Polish region is shown on the map below. Each level of aid, applies to particular regions, which are as follows:

- 50% (Kujawy-Pomerania, Lublin, Lubuskie, Łódź, Małopolska, Opole, Podkarpacie, Podlasie, Warmia - Mazuria, Świętokrzyskie);
- 40% (Lower Silesia, Pomerania, Silesia, West Pomerania, Wielkopolska, and also during the period of 1st January 2007 till 31st December 2010 in the area of the Mazovia province);
- 30% (Warsaw, and also during the period of 1st January 2011 till 31st December 2013, in the area of Mazovia province).

Until December 31<sup>st</sup>, 2010



From January 1<sup>st</sup>, 2011



### Legend

- 50% maximum aid intensity
- 40% maximum aid intensity
- 30% maximum aid intensity

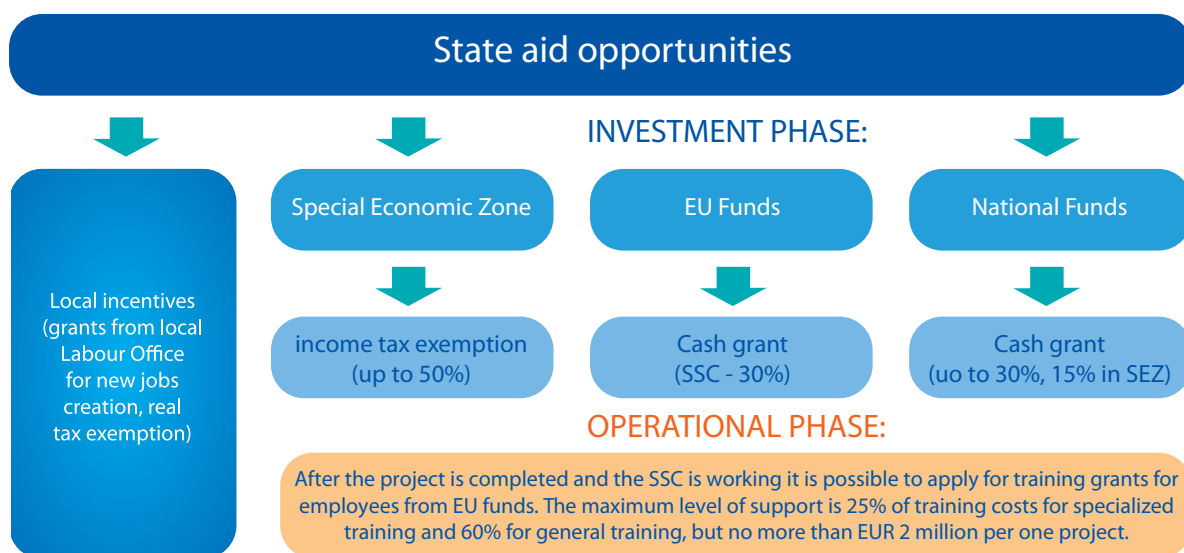
Source: KPMG

### Sources of aid for investment

INFORMATION	Aid for SSC creation / extension			
	Source of aid	EU GRANT	Multi-Annual Programme	SEZ
	Maximum state aid intensity (as % of eligible costs)	30%	up to 30% (15% in SEZ)	up to 50%
	Type of aid	Cash grant	Cash grant	Tax exemption
	Application round start	Q2 2010	all year open	all year open
	Application round end	Till the end of year or till budget	all year open	all year open
REQUIREMENTS	Investment may begin only after application is submitted or	YES	YES	YES
	Min. new jobs required	100	250	negotiated with SEZ
	Remarks	Competition from formal point of view	Grant awarded based on negotiations/ scoring of the project - depending on the number of newly created workplaces and other factors	Investment needs to be located in the SEZ

### Combining different types of state aid

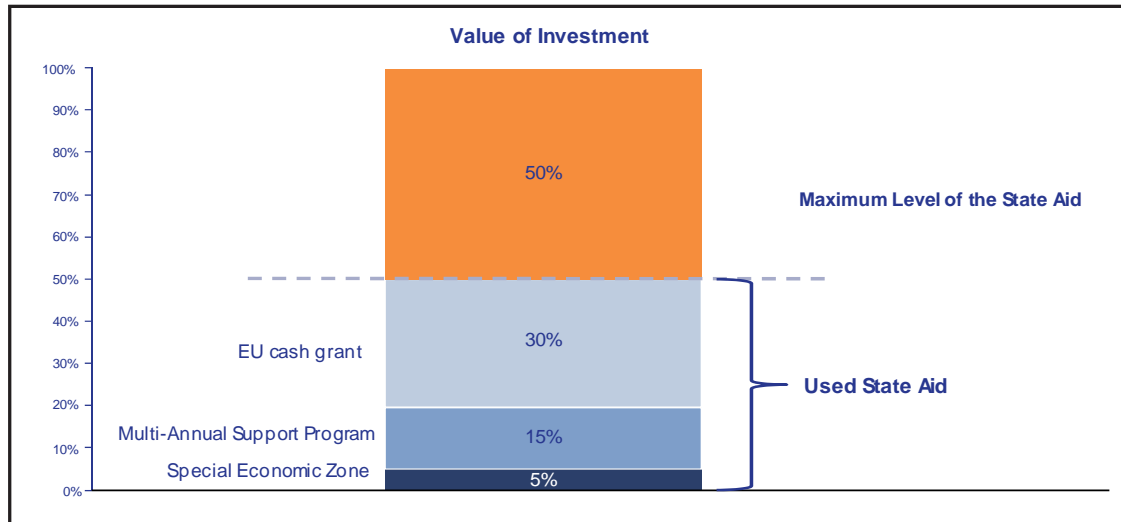
It is possible to obtain cash grant/tax exemptions for the new investment or extension of existing Shared Services / BPO Centers in Poland.



Source: KPMG

**Example:**

Cumulated state aid (maximal level of the financial support is 50%)



Source: KPMG