



GENERAL PARTNERSHIP
Preferred form of business activity
<ul style="list-style-type: none">• Relatively small-scale business activity (microbusinesses, small businesses) conducted by at least two entities.• Model partnership – regulations on general partnerships apply accordingly to professional partnerships and limited partnerships and, to a certain extent, to limited joint-stock partnerships.
Business name
<ul style="list-style-type: none">• Should contain the surname or business name of at least one of the partners and an additional designation of the legal form "spółka jawna" (general partnership).• The abbreviated designation "sp. j." may be used in business dealings.
Legal status of the partnership
Commercial partnership.
Legal personality
<p>It has no legal personality but it does have:</p> <ul style="list-style-type: none">• legal capacity – may acquire rights and incur obligations on its own behalf (e.g. under agreements, as a result of acts of unfair competition, unjust enrichment, damage inflicted as a result of business operations),• judicial capacity (may be a party to court proceedings) and procedural capacity (may appear before a court independently to defend its interests).
Relevant register
Entrepreneurs' register of the National Court Register (KRS).
Competent registry court
District court competent for the registered office of the partnership.
Minimum capital requirement
There is no minimum capital requirement.
Founders/Partners
<ul style="list-style-type: none">• At least two founders from among:<ul style="list-style-type: none">a) natural persons,b) legal persons,



- c) organisational units without legal personality to which the applicable laws have granted legal capacity.
- A general partnership may be established by and between different types of entities, e.g. a natural person and a legal person.

Duration of the partnership

- Definite term (including the time required to perform a specific task) or indefinite term.
- It enters into effect upon entry into the National Court Register.

Articles of association of a general partnership

- Must be prepared in writing or will be invalid otherwise. Furthermore, if a partner's contribution to the partnership is:
 - a) real property – the articles of association should be concluded in the form of a notarial deed,
 - b) a business (or its organised part) – the articles of association should be concluded in writing, with notarised signatures.
- The articles of association should specify, as a minimum:
 - a) the business name and registered office of the partnership,
 - b) the type of contribution made by each partner and its value,
 - c) the corporate purpose of the partnership,
 - d) duration of the partnership, if stated.
- Amending the articles of association - also in writing or invalid otherwise, upon approval by all of the partners, unless the articles of association stipulate other terms of amending the articles of association (e.g. by a specified majority of votes).

Actions required to establish a general partnership

- The partners conclude articles of association (in person or through authorised representatives).
- The partnership is submitted to the competent registry court by one of the partners. After registering the partnership, an application should be made to the appropriate tax office with respect to so-called supplementary data not covered in the entry in the National Court Register.
- The registry court enters the partnership in the National Court Register – as of this moment the partnership is established.
- It is also possible to submit an electronic application to register the partnership online (e-registration) – the articles of association are concluded with the use of electronically available model articles of association (it is not necessary to conclude the articles in written form).
- The contract of general partnership is subject to tax on civil law transactions (transfer tax). The tax rate is 0.5% of the value of contributions to a partnership.

Average time required to register



- The average time required to register a general partnership is approximately 2 – 3 weeks.
- Until it is entered in the National Court Register, the partnership does not formally exist and cannot conduct business activity.

Partners' contributions

- Partners may contribute:
 - a) property,
 - b) rights, e.g. economic copyrights,
 - c) services.
- A partner's share in the partnership's capital:
 - a) corresponds to the amount of the actual contribution made,
 - b) may be decreased upon approval by the remaining partners.
- The articles of association may state that a partner's share in the capital equals zero (e.g. when the contribution involves providing services). However, the rules for calculating a partner's liquidation share must be specified.
- Partners are neither authorised nor required to increase the agreed contribution.
- If the articles of association are concluded or amended using the electronic system, a partner's contribution can only be money.

Partners' share in profits and losses

- Distribution of profits among partners:
 - a) may be set forth in the articles of association,
 - b) in the absence of relevant contractual provisions – each partner has an equal share, regardless of the type and value of their contribution.
- A partner cannot be fully excluded from participating in the partnership's profits.
- Partners have the right to demand distribution and disbursement of all of the profits at the end of each financial year.
- Partners have the right to demand annual disbursement of 5 per cent interest (or any other amount of interest, as specified in the articles of association) on their share in the capital:
 - a) even if the partnership has incurred a loss,
 - b) the articles of association may eliminate this right.
- The partnership's loss, which leads to decreasing the current carrying amount of contributions – profit is first allocated towards supplementing a partner's depleted share.
- The articles of association may exempt a partner from participating in losses.

Right to represent the partnership

- Each partner may represent the partnership individually unless the articles of association set forth different rules for representing the partnership.
- A partner may be deprived of the right to represent the partnership:
 - a) by the articles of association,



- b) by a court decision (only for valid reasons).
- Commercial proxy (specific commercial authorisation):
 - a) approval by all partners authorised to run the partnership's affairs is required to establish a commercial proxy,
 - b) a decision of one partner authorised to run the partnership's affairs is required to revoke it.

Running the partnership's affairs

- The partnership's affairs cannot be entrusted solely to parties other than the partners.
- The right and obligation of each partner to conduct the partnership's affairs.
- Partners are not compensated for running the partnership's affairs.
- Conduct of the partnership's affairs may be entrusted to one or more partners (to the exclusion of others):
 - a) under the articles of association,
 - b) pursuant to a resolution of the partners.
- A partner authorised to run the partnership's affairs does not require a resolution to perform an urgent action, which, if omitted, could result in serious damage for the partnership.
- Scope of authorisation to run the partnership's affairs:
 - a) day-to-day management – may be conducted by any partner not excluded from running the partnership's affairs, with the stipulation that the articles of association may state that a resolution of the partners is required,
 - b) activities beyond day-to-day management – approval by all partners, including partners prevented from running the partnership's affairs, is required.
- Before an individual partner handles a matter falling within the scope of day-to-day management, any of the remaining partners may oppose its handling – in such cases, a prior resolution of the partners is required.
- If a resolution is required in matters not exceeding the partnership's ordinary activities, a unanimous vote by all partners authorised to run the partnership's affairs is required.
- The right to run the partnership's affairs (and a partner's exemption from that obligation) may be taken away from a partner for valid reasons, under a binding court decision.

Tax

- The general partnership is not deemed a taxpayer of income tax, but is required to maintain tax ledgers which allow to calculate the income of the partnership.
- Income tax is paid by the partners of the partnership, who generate income from a transparent entity without legal personality. The applicable tax rate depends on the individual situation of the partner.
- A civil partnership may be subject to VAT and excise duties.

Liability of the partnership

The partnership bears unlimited liability for its obligations up to the full value of all of its



assets.

Liability of the partners

- A partner's liability for the partnership's obligations – description:
 - a) unlimited – with respect to all of the partnership's obligations,
 - b) personal – up to the full value of all of the partner's assets,
 - c) joint and several – a creditor may request that an entire claim be satisfied from one, several or all of the partners,
 - d) subsidiary – a creditor may enforce claims against a partner if enforcement from the partnership's assets proves ineffective. However, a lawsuit may be filed against a partner at an earlier time, i.e. before enforcement from the partnership's assets is found to be ineffective.
- Liability for obligations incurred before entering the partnership in the register:
 - a) is borne by all persons that acted on behalf of the partnership after it was founded but before it was entered in the register,
 - b) is unlimited,
 - c) is personal,
 - d) is joint and several,
 - e) is primary (not subsidiary).
- Any person acceding to a partnership is liable for the obligations of the partnership incurred before the date of accession.
- Contribution of a business to the partnership by a sole trader partner:
 - a) the remaining partners are liable for the obligations incurred in running that business before the date of establishing the partnership;
 - b) their liability is limited to the value of the contributed business.

A partner's accession to/exit from the partnership

- A new entity may enter into all of the rights and obligations of a current partner provided that:
 - a) such an option is clearly stipulated in the articles of association, and
 - b) it is approved in writing by all the remaining partners (the articles of association may provide different provisions regarding partners' approval).
- Joint and several liability of an existing partner and acceding partner for:
 - a) the obligations of the exiting partner related to participating in the partnership,
 - b) the obligations of the partnership.
- Termination by a partner of the articles of association concluded for an indefinite term – six months before the end of the financial year.
- Accession to the partnership by a new partner is possible solely upon amending the articles of association:
 - a) unless the articles of association provide otherwise - upon approval by all existing partners,
 - b) if the articles of association eliminate the requirement to obtain unanimous approval



from all partners - upon approval by the majority of the partners' votes as stated in the articles of association.

Transformation/merger

- The following actions must be taken to transform a civil partnership into a general partnership:
 - a) convert the articles of association of a civil partnership into the articles of association of a general partnership – in that event the articles of association of a general partnership must not be concluded using the model articles of association,
 - b) enter the general partnership in the National Court Register.
- A general partnership:
 - a) may be converted into any other commercial partnership or corporation (professional partnership, limited partnership, limited joint-stock partnership, limited liability company, joint-stock company),
 - b) may merge with another partnership solely by forming a corporation,
 - c) may merge with corporations (if a corporation acquires the general partnership or if the merging entities form a new corporation),
 - d) is not subject to division.