



LIMITED PARTNERSHIP
Preferred form of business activity
Business activity of any scale.
Business name
<ul style="list-style-type: none">• Should contain the surname of at least one of the general partners and an additional designation "spółka komandytowa" (limited partnership).• The abbreviated designation "sp. k." may be used in business dealings.• Where the general partner is a legal person, the business name of the limited partnership should contain the full business name of this legal person and an additional designation "spółka komandytowa" (limited partnership). This shall not preclude the inclusion of the surname of the general partner who is a natural person.
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 limited partnership may be established by and between different types of entities, e.g. a natural person and a legal person.
- There are two types of partners:
 - a) general partners bearing unlimited liability (at least one),
 - b) limited partners (at least one) liable to the amount specified in the articles of association (i.e. limited liability amount).

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 limited partnership

- Must be prepared in a form of a notarial deed or will be invalid otherwise.
- 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,
 - e) scope of the liability of each limited partner expressed in quota (limited liability amount).
- Amending the articles of association – also in a form of a notarial deed 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 limited 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. The application includes forms to be submitted to the tax office, statistical office and the Social Security Office (the last one solely if the partnership intends to have employees).
- The registry court enters the partnership in the National Court Register – as of this moment the partnership is established.
- It is also possible to file an electronic application to register the partnership through the Internet (e-registration) – the articles of association are concluded using the electronically available model articles of association (it is not necessary to conclude the articles of association in the form of a notarial deed).
- The contract of limited 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 limited 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.
- The obligation of the limited partner to perform work or services for the partnership and payment for services performed upon incorporation of the partnership cannot constitute the limited partner's contribution to the partnership unless the value of his other contributions to the partnership is at least equal to the limited liability amount.
- Where the general partner is a company, and the limited partner is a shareholder thereof, the object of the limited partner's contribution cannot comprise his shares in that company.
- Where the limited partner's contribution to the partnership is, in whole or in part, an in-kind performance or duty, the articles of association shall specify the object of such duty or performance (in-kind contribution), its value and the partner who made the in-kind contribution.
- Limited partner cannot be released from the obligation of contribution, but unless the articles of association provide otherwise, the value of contribution of a limited partner may be lower than the limited liability amount.
- 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.
- 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 general partner has an equal share, regardless of the type and value of their contribution, and each limited partner has a share proportional to contribution actually made to the partnership by limited partner.
- A partner cannot be fully excluded from participating in the partnership's profits.
- Profit for a given financial year falling to a limited partner shall be allocated, in the first place, for supplementing his contribution actually made up to the value of the agreed contribution.
- In case of doubt, a limited partner shall participate in loss only up to the value of the agreed contribution.
- 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

- Representation of partnership by partners:
 - a) each general partner is entitled to represent the partnership individually,
 - b) a limited partner may represent the partnership only in the capacity of a proxy (including as a commercial proxy).
- 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).
- Limitation of the right of representation under the articles of association – general partner may be entitled only to joint representation with other general partner or proxy (including commercial proxy).
- Commercial proxy (specific commercial authorisation):
 - a) approval by all general partners authorised to run the partnership's affairs is required to establish a commercial proxy,
 - b) a decision of one general 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 to conduct the partnership's affairs:
 - a) each general partner,
 - b) limited partners have neither right nor obligation to conduct the partnership's affairs, unless the articles of association provide otherwise.
- 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 general 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 authorization to run the partnership's affairs:
 - a) day-to-day management – may be conducted by any general partner not excluded from running the partnership's affairs, with the stipulation that the articles of association may state that a resolution of the general partners is required,



- b) activities beyond day-to-day management – approval by all general partners and – unless the articles of association provide otherwise – also limited partners, is required.
- Before an individual general partner handles a matter falling within the scope of day-to-day management, any of the remaining general partners may oppose its handling – in such cases, a prior resolution of the general partners is required.
- If a resolution of general partners is required in matters not exceeding the partnership's ordinary activities, a unanimous vote by all general partners authorised to run the partnership's affairs is required.
- The right to run the partnership's affairs may be taken away from a general partner for valid reasons, under a binding court decision.
- In the event of transfer of all rights and duties of a limited partner, the right to conduct the partnership's affairs shall not be transferred to the acquirer.

Tax

- The limited 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 limited 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, with an exception that limited partner is liable to the limited liability amount (please see bullet below),
 - 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.
- The scope of the partner's liability:
 - a) in case of a general partner – with all his assets,
 - b) in case of a limited partner – up to the amount of limited liability amount, whereas he is free from the liability within the contribution made to the partnership.
- Where the limited partner's surname or business name is incorporated into the business name of the partnership, the limited partner shall bear the same liability towards third parties as the general partner.



- 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 limited partner acceding to a partnership is liable for the obligations of the partnership incurred before the date of accession and after the date of partnership's registration.
- In the event of execution of a deed of a limited partnership with an entrepreneur conducting a business enterprise in his own business name and on his own account, the limited partner shall also be liable for the obligations arising in the conduct of the business enterprise and existing at the time of entry of the partnership in the register.

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 exiting 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 limited partnership:
 - a) convert the articles of association of a civil partnership into the articles of association of a limited partnership (together with fulfilment of another requirements relating to formation of a limited partnership),
 - b) enter the limited partnership in the National Court Register.
- A limited partnership:
 - a) may be converted into any other commercial partnership or corporation (general partnership, professional 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,
 - d) is not subject to division.