



LIMITED JOINT-STOCK PARTNERSHIP
Preferred form of business activity
<ul style="list-style-type: none">• The business activity where the personal commitment of an active partner (general partner), for example who has know-how, is combined with the provider of capital (shareholder), who is a passive partner and decides to involve his surplus capital, hoping for a higher return comparing to other equity investments.• For shareholders (general partners) who want to protect the partnership against a hostile takeover.
Business name
<ul style="list-style-type: none">• Can be chosen freely, however should contain the surname or business name of at least one of the general partners and an additional designation of the legal form "spółka komandytowo-akcyjna" (limited joint-stock partnership).• The abbreviated designation "S.K.A." 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.
Founders/Partners
<ul style="list-style-type: none">• General partner – one or more entities from among:<ul style="list-style-type: none">a) natural persons,b) legal persons,c) organizational units without legal personality to which the applicable laws have



granted legal capacity.

- Shareholder – one or more entities from among:
 - a) natural persons,
 - b) legal persons,
 - c) organizational units without legal personality to which the applicable laws have granted legal capacity.

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.

Statute of the partnership

- Must be prepared in a form of a notarial deed or will be invalid otherwise.
- The statute should specify, as a minimum:
 - a) the business name and registered office of the partnership,
 - b) the corporate purpose of the partnership,
 - c) the type of contribution made by each of the general partners and its value,
 - d) duration of the partnership, if stated,
 - e) the share capital amount, the manner in which it is collected, the nominal value of the shares and the number of shares with indication whether the shares are registered or bearer shares,
 - f) the number of shares of a given class and the rights attached thereto, if shares of different classes are to be issued,
 - g) the surnames and first names (business names) of the general partners and their registered offices, addresses or addresses for correspondence,
 - h) the organization of the general meeting of shareholders and of the supervisory board, if the law or the statute provide for a supervisory board.
- Amending the provisions of the statute requires the consent of all general partners and the resolution of the general meeting of shareholders taken by a $\frac{3}{4}$ majority. All these activities should be made in a form of a notarial deed.

Actions required to establish a partnership

- Adopting the statute of the partnership in a form of notarial deed.
- Subscription of all shares by the shareholders.
- Making contributions by the shareholders:
 - a) shares acquired for cash – the obligation to pay at least $\frac{1}{4}$ of their nominal value,
 - b) shares acquired for in-kind contributions or for in-kind contributions and cash – the requirement to cover the share capital at least at PLN 12,500; the obligation to cover the shares acquired for in-kind contributions in full within one year from the registration of the partnership,
 - c) the share premium (the difference between the issue price and the nominal value of



the shares) must be fully paid before registration of the partnership.

- The appointment of a supervisory board – obligatory only if the total number of shareholders exceeds 25.
- The entry of the partnership in the register of entrepreneurs of the National Court Register (KRS).
- The statute 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 joint-stock partnership is approximately 3 weeks.
- Until it is entered in the National Court Register, the partnership does not formally exist and cannot conduct business activity.

Partners' contributions

- The general partner's contribution to the limited joint-stock partnership may be allocated to the share capital or other funds.
- The making of the contribution to the share capital by the general partner does not exclude his unlimited liability for the obligations of the partnership.
- If in-kind contributions are envisaged, the founders shall draw up a written report which shall detail in particular:
 - a) the in-kind contributions and the number and class of shares and other entitlements to participate in the profits or in distribution of the partnership's assets for such in-kind contributions,
 - b) the persons who make the in-kind contributions,
 - c) the employed method of valuation of the in-kind contributions.

Partners' share in profits and losses

- A general partner and a shareholder participate in the profits of the partnership in proportion to their contributions made to the partnership, i.e. proportionally to the value of their contributions, regardless of the type of capital or fund they have been allocated to.
- If the general partner's contribution consists of his work in the form of representation of the partnership and conducting its business, for which he receives remuneration, he is not entitled to participate in the profits of the partnership in proportion to the value of this work.
- The statute may provide for a different method of profit distribution.

Share capital

- The minimum share capital is PLN 50,000.
- The nominal value of a share may not be lower than PLN 0.01.
- The share capital is divided into shares of equal nominal value.
- Mandatory verification by the auditor of the value of in-kind contributions made by



shareholders and general partners to the share capital. The obligation is excluded in respect of contributions, the value of which has already been reliably established (e.g. in the financial statement).

Increase of the share capital

- May occur by virtue of a resolution of the general meeting of shareholders through new shareholders contributions or the partnership's funds (spare or reserve capital created out of the partnership's profits).
- The resolution of the general meeting of shareholders on the share capital increase requires the consent of all general partners under the pain of nullity.
- The shareholders may be deprived of pre-emptive rights (priority of existing shareholders in subscribing for new shares) in full or in part – a resolution of the general meeting of shareholders adopted by a majority vote of 4/5 is necessary.

Shares

- The registered shares or bearer shares.
- The issuance of share certificates to shareholders:
 - a) the bearer share certificates may not be issued before full payment is made; as a proof of partial payment, registered temporary certificates shall be issued,
 - b) the registered share certificates may be issued before full payment – an exception: the shares subscribed for in-kind contributions shall remain in the partnership until the date of approval by the earliest ordinary general meeting of shareholders of the financial statement for the financial year in which such shares have been paid for.
- Share register:
 - a) is kept obligatorily by the general partners entitled to run the partnership's affairs,
 - b) contains the entries of registered shares and temporary certificates,
 - c) may be kept in paper or in electronic form.
- The shares are indivisible. They may be issued in collective share certificates.
- The transfer of shares:
 - a) the transfer of a registered share or a temporary certificate requires: (i) a written declaration either in the share certificate or in the temporary certificate, or in a separate instrument, and (ii) the transfer of possession of the share or the temporary certificate,
 - b) the transfer of a bearer share requires the transfer of possession of the bearer share certificate.

Selected rights and obligations of the shareholders

- The possibility of establishing preference shares with regard to:
 - a) the right of vote – a maximum of 2 votes per share,
 - b) the right to dividend – up to 150% of the dividend designated to non-preference shares,
 - c) the distribution of the partnership's assets in case of its liquidation.



- The statute may limit the voting rights of shareholders possessing more than 1/10 of the total number of votes. The limitation may only apply to the exercise of the voting rights attached to shares above the limit of votes provided for in the statute.

Right to represent the partnership

- The general partners represent the partnership as statutory representatives, unless they were deprived of the right to represent under the statute or a final and non-appealable court judgment.
- The shareholders may represent the partnership only as proxies.

Running the partnership's affairs

- Running the partnership's affairs rests with general partners, with the exception of matters falling within the competence of the general meeting for shareholders or the supervisory board, pursuant to the provisions of the Commercial Companies Code or the statute.
- The shareholders do not have the right to run the partnership's affairs.

Supervision

- No individual supervision right of a shareholder over the partnership.
- The supervisory board:
 - a) the creation of a supervisory board is obligatory, if there are more than 25 shareholders,
 - b) shall comprise at least 3 members; in the case of public partnerships – at least 5 members,
 - c) is not entitled to issue binding instructions to the general partners concerning running the partnership's affairs,
 - d) upon demand of the shareholders, representing at least 1/5 of the share capital, the election of the supervisory board shall be made by the next general meeting of shareholders by way of separate groups' voting, even if the statute provides for a different procedure for appointing the supervisory board,
 - e) the term of office – a maximum of 5 years.

General meeting of shareholders

- The minutes of the general meeting of shareholders shall be drawn up in a form of a notarial deed.
- The venue of the meetings:
 - a) location where the partnership has its registered office,
 - b) other place within the territory of Poland – only if permitted by the statute.
- Participation in the general meeting of shareholders:
 - a) possibility to participate by means of electronic communication, if the statute provides so,
 - b) possibility to vote by correspondence, if the general meeting's bylaws provide so.



Tax
<ul style="list-style-type: none">• The limited joint-stock partnership is not transparent for income tax purposes• The limited joint-stock partnership is a taxpayer of the corporate income tax (CIT) - at the rate of 19% or 15% (depending on the scale of business and period of activity)• A limited joint-stock partnership may be subject to VAT and excise duties.
Liability of the partnership
<p>The partnership bears unlimited liability for its obligations up to the full value of all of its assets.</p>
Liability of the partners
<ul style="list-style-type: none">• The general partners bear unlimited liability for partnership's obligations up to the full value of all of their assets, jointly and severally with the partnership.• The shareholders are not liable for the obligations of the partnership. The shareholders' risk arising from the participation in the partnership is limited to the capital invested in the subscription or purchase of shares.
Exclusion from the partnership
<p>The squeeze-out of shares of shareholders representing no more than 5% of the share capital by not more than 5 shareholders holding jointly not less than 95% of the share capital.</p>
Transformation/merger
<ul style="list-style-type: none">• The following actions must be taken to transform a civil partnership into a limited joint-stock partnership:<ol style="list-style-type: none">a) convert the articles of association of a civil partnership into the statute of a limited joint-stock partnership (including a fulfilment of other requirements related to formation of a joint-stock company),b) enter the limited joint-stock partnership in the National Court Register.• A limited joint-stock partnership:<ol style="list-style-type: none">a) may be converted into any other commercial partnership or corporation (general partnership, professional partnership, limited 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 limited joint-stock partnership or if the merging entities form a new corporation),d) may merge with the European company,e) is not subject to division.