

## **Business activities forms in Poland**

### Representation office

#### Main points:

- Is restricted to advertising and promotion services of the foreign entrepreneur
- Is not registered as a separate legal entity but has to be registered to the list of RepOffices in Poland.
- Keeps separate books in PL language according to Polish accounting law
- Uses the name of the company plus the translation of the legal form plus the name “przedstawicielstwo w Polsce” (i.e. RepOffice).

Taxation: is not a separate entity so not taxed separately in Poland - this form is of business is possible only if the RepOffice does not meet the criteria to be considered a permanent establishment i.e. it cannot be a place from which the activities of the organisation are carried out (except for the one mentioned in point 1) and which has the permanent presence of both the human and technical resources necessary for making or receiving the supplies of services. Otherwise it may be considered by tax authorities as a permanent establishment liable to taxation in Poland.

### LLC – spółka z ograniczoną odpowiedzialnością

#### Main points:

- Is a separate legal entity in Poland liable to taxation (CIT, VAT) in Poland established on the basis of the Articles of Associations signed at the notary . Shareholders may be private individuals as well as legal entities – both Polish and foreign.
- Shareholders – the number of shareholders is not limited
- Share capital cannot be smaller than 5000 PLN
- Is registered to the National Court Register (KRS) in Poland
- Management board – consist of one or more persons
- Has to keep separate books in PL language and according to Polish law; has to prepare monthly VAT returns, payroll documentations, annual financial statement and annual CIT declarations

Taxation : CIT 19 %

### Sole proprietorship

#### Main points:

- Is a separate entity in Poland. There is no legal distinction between the owner and the business – the owner is in 100% a private individual
- Is registered to list of Polish entrepreneurs (Ewidencja Działalności Gospodarczej). An EU citizen may conduct business activity according to the same rule as the Polish citizen.

- Has to keep separate books in PL language and according to Polish law for PIT and VAT purposes; has to prepare annual PIT declarations

Taxation: PIT

Progressive tax rate : 18% till the threshold of 85528 LN, after exceeding the threshold taxable with 32 % rate or Flat tax rate : 19 %

Obligatory National Insurance in Poland:

890,14 PLN – regular for a sole proprietorship in Poland

366,63 PLN - in case of a new sole proprietorship in Poland (relief applicable for the first 2 years)

Amounts valid till the 31st of December 2011